

No. 14626

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

JESSE E. HALL, WEATHERFORD OIL TOOL COMPANY, INC.,
a corporation, *et al.*,

Appellants-Appellees,

vs.

KENNETH A. WRIGHT and B & W Inc., a corporation,

Appellees-Appellants.

Brief for Kenneth A. Wright and B & W Inc.,
Appellees-Appellants.

LYON & LYON,

LEWIS E. LYON,

R. DOUGLAS LYON,

811 West Seventh Street,
Los Angeles 17, California,

*Attorneys for Kenneth A. Wright and
B & W, Inc.*



SUBJECT INDEX

PAGE

I.

Statement of jurisdiction.....	1
--------------------------------	---

II.

Statement of the case.....	2
----------------------------	---

III.

Specifications of error.....	6
------------------------------	---

IV.

Argument	12
----------------	----

A. Chronological summary	12
--------------------------------	----

B. The error of the court holding invalid.....	23
--	----

1. The Wright Patent 2,338,372.....	23
-------------------------------------	----

(a) The error of the District Court in that the patent does not teach cementing.....	27
---	----

(b) That the notices of infringement sent out with reference to Patent 2,338,372 by defendant were sent to establish a limited monopoly in the manufacture and sale of scratchers not covered by the Patent 2,338,372.....	29
--	----

2. The Wright Patent 2,374,317.....	31
-------------------------------------	----

3. The Wright Patent 2,392,352.....	37
-------------------------------------	----

C. The error of the District Court in failing to find infringe- ment by defendant of the letters patents.....	39
--	----

1. Infringement of the Wright method Patent 2,338,372	39
---	----

2. Infringement of the Wright scratcher Patent 2,374,- 317	41
---	----

3. Infringement of the Wright plugging Patent 2,- 392,352	47
--	----

D.	The District Court erred in finding the defendants were in court with unclean hands.....	49
1.	The sending out of notices without intent to sue.....	51
2.	Forming Scratchers, Inc., and purchasing the Black and Stroebel patent and filing suit thereon.....	57
3.	Employment of practice techniques to influence the placing of business by large oil companies.....	58
E.	The court erred in denying defendant relief on its counterclaims on the theory that the defendant had resorted to self-help.....	60
F.	The District Court erred in failing to apply the admonition of the Supreme Court in the Precision Instrument case 324 U.S. 806.....	66
G.	The court erred in failing to find that the Hall Patent 2,671,515 was invalid as granted upon an application filed too late	67
	Conclusion	69

TABLE OF AUTHORITIES CITED

CASES	PAGE
Adriance, Platt & Co. v. National Harrow Co. et al., 121 Fed. 827	54
Allis-Chalmers Mfg. Co. et al. v. Columbus Electric & Power Co. et al., 19 F. 2d 860.....	46
Bechik Products, Inc. v. Flexible Products, Inc., 225 F. 2d 603	56
Boston Lasting Mach. Co. v. Woodward et al., 53 Fed. 481.....	41
Celite Corporation v. Dicalite Co., 96 F. 2d 242.....	51, 53
Celluloid Manuf'g Co. v. Arlington Manuf'g Co. et al., 44 Fed. 81	41
Circle S Products Co. v. Powell Products, Inc., 174 F. 2d 562	53, 62
Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U. S. 405, 52 L. Ed. 1122.....	41
Dean Rubber Mfg. Co. et al. v. Killian, 106 F. 2d 316.....	42
Dehydrators, Limited, et al. v. Petrolite Corporation Limited, 117 F. 2d 183.....	21, 65
Electric Machinery Mfg. Co. v. General Electric Co., 88 F. 2d 11	40
Farrington v. Haywood, 35 F. 2d 628.....	40
Goodyear Tire & Rubber Company, Inc. v. Ray-O-Vac Com- pany, 321 U. S. 275.....	27
Graver Tank and Mfg. Co. v. Linde Air Products Co., 339 U. S. 605, 94 L. Ed. 1097.....	46
Hildreth v. Mastoras, 257 U. S. 27, 66 L. Ed. 112.....	46
Kaplan, et al. v. Helenhart Novelty Corporation, et al., 182 F. 2d 311	54
Martin, et al. v. H. C. Miller Co., 63 F. 2d 5.....	40
Metro-Goldwyn-Mayer Corporation v. Fear, 104 F. 2d 892....	54, 62
Moore Filter Co. v. Tonopah-Belmont Development Co., 201 Fed. 532	40
Muncie Gear Co. v. Outboard Co., 315 U. S. 759.....	67, 69, 70
National Cash Register Co. v. American Cash Register Co., 53 Fed. 367.....	41
National Hollow Brake-Beam Co., et al. v. Interchangeable Brake-Beam Co., 106 Fed. 693.....	42

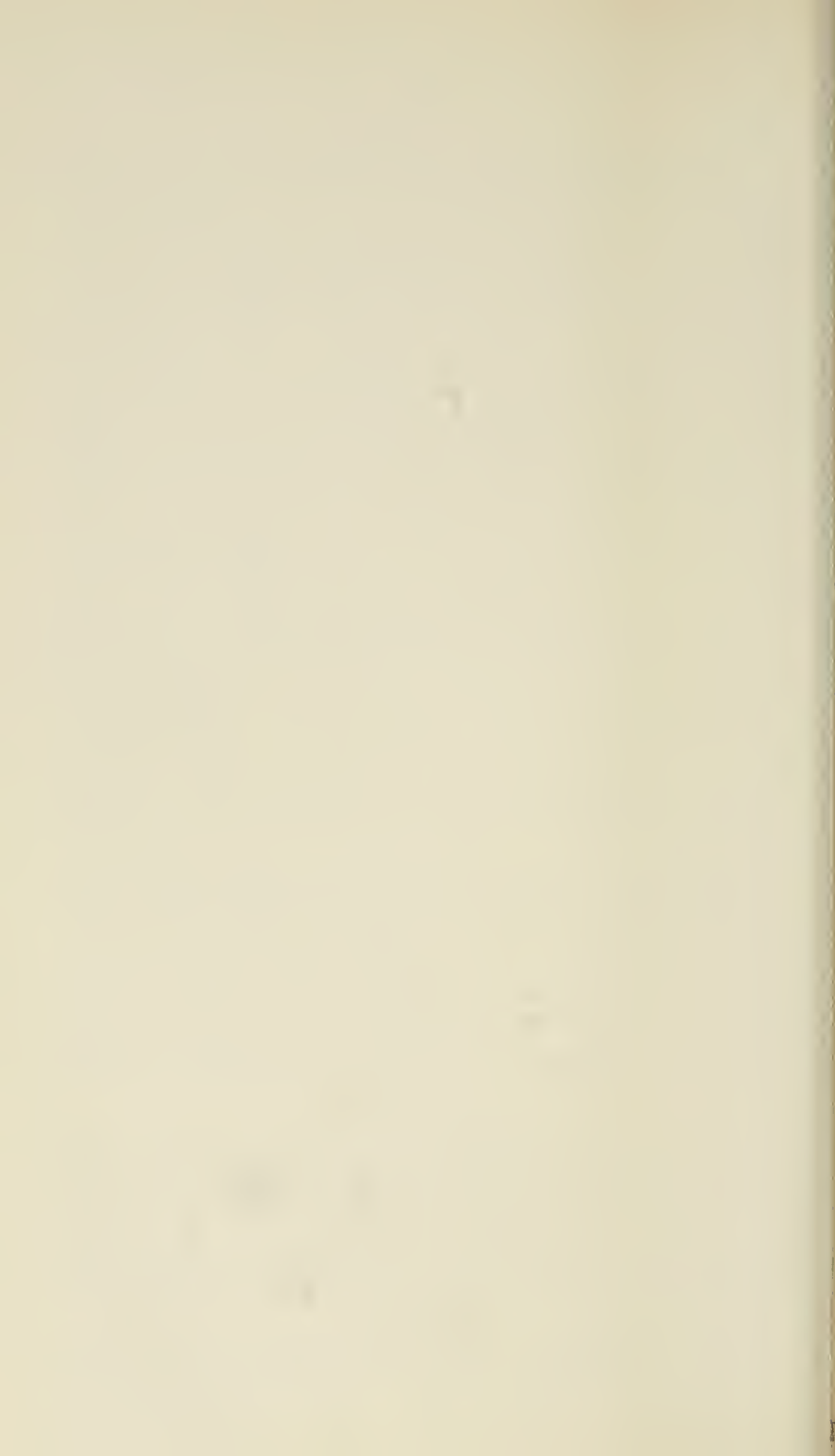
	PAGE
Oil Conservation Engineering Co. v. Brooks Engineering Co., 52 F. 2d 783.....	52
Pointer v. Six Wheel Corporation, 177 F. 2d 153.....	25
Potts & Co. v. Creager, et al., 155 U. S. 597.....	29
Precision Instrument Company v. Automotive Company, 324 U. S. 806.....	11, 66, 70
Reinharts, Inc. v. Caterpillar Tractor Co., 85 F. 2d 628.....	29
Roberts v. Ryer, 91 U. S. 150, 23 L. Ed. 267.....	29
Sanitary Refrigerator Co. v. Winters, 280 U. S. 30, 74 L. Ed. 147	45, 46
Sharnay Hosiery Mills, Inc. v. Sanson Hosiery Mills, Inc., et al., 109 F. Supp. 956.....	56
Smith v. Snow, 294 U. S. 1, 79 L. Ed. 721.....	40
Smith, Kline & French Laboratories v. Clark & Clark, et al., 157 F. 2d 725.....	42
Stadium Mfg. Co., Inc. v. Plymouth Pajama Corporation, 24 F. Supp. 779.....	56
Tilghman v. Proctor, 102 U. S. 707, 26 L. Ed. 279.....	40
Union Oil Co. of California v. American Bitumuls Co., 109 F. 2d 140	40
United States Galvanizing & Plating Equipment Corporation v. Hanson-Van Winkle-Munning Co., 104 F. 2d 856.....	56
Veaux v. Southern Oregon Sales, Inc., 45 U. S. P. Q. 610.....	68
Waxham v. Smith, 294 U. S. 20, 79 L. Ed. 733.....	40
Western Electric Co. v. LaRue, 139 U. S. 601.....	29
Winans v. Denmead, 56 U. S. 330, 14 L. Ed. 717.....	29

STATUTES

United States Code, Title 28, Sec. 1292(4)	2
United States Code, Title 28, Sec. 1338.....	2
United States Code, Title 35, Sec. 271(c)	29
United States Code, Title 35, Sec. 271(d)	41
United States Code, Title 35, Sec. 287.....	51, 52

TEXTBOOK

Walker on Patents (Deller's Ed.), Vol. 3, 471, 1709.....	42
--	----



No. 14626

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

JESSE E. HALL, WEATHERFORD OIL TOOL COMPANY, INC.,
a corporation, *et al.*,

Appellants-Appellees,

vs.

KENNETH A. WRIGHT and B & W INC., a corporation,

Appellees-Appellants.

Brief for Kenneth A. Wright and B & W Inc.,
Appellees-Appellants.

I.

Statement of Jurisdiction.

This Appeal is from the judgment of the District Court dismissing the Complaint and Counterclaims of Appellants and Appellees. All parties have appealed.

The action was tried before the District Court upon the issues formed by the Fifth Cause of Action of the Second Amended and Supplemental Complaint [Vol. I, p. 234], Answers and Counterclaims [Vol. I, pp. 251 and 256], Amendment to Second Amended Complaint and Supplemental Complaint [Vol. I, p. 324], and the Supplemental Answer and Counterclaim. [Vol. I, p. 326.]

The judgment of November 9, 1953, dismissed the action with prejudice based upon the Clayton Act. [Vol. I,

p. 306.] The jurisdiction of the District Court on the Counterclaim of B & W* is based upon the patent laws, Title 28, Section 1338, U. S. C.

This Court has jurisdiction of the Appeal the appeals were timely. Title 28, Section 1292(4), U. S. C.

This brief on behalf of B & W will deal with the Appeal taken by B & W and the issues presented thereby.

The District Court at the conclusion of the trial, briefing and oral arguments, expressed its opinion by written memorandum filed September 17, 1954. [Vol. I, p. 333.] Pursuant to said Memorandum, Findings of Fact and Conclusions of Law were prepared, adopted by the Court and filed. [Vol. I, p. 368.] The judgment of the Court [Vol. I, p. 391], was entered November 15, 1954.

II.

Statement of the Case.

This action was commenced by Jesse E. Hall (Sr.) filing his Complaint, Vol. I, page 3, against Kenneth A. Wright and B & W on December 6, 1947. By that Complaint, Hall sought a Declaration of Rights under an alleged Agreement of September 15, 1944. [Ex. 34, Vol. VIII, p. 3474.] Hall prayed also that B & W be enjoined from commencing any action for infringement of the Wright Patents No. 2,338,372 [Ex. 37, Vol. VIII, p. 3483], and No. 2,374,317 [Ex. 38, Vol. VIII, p. 3487], against said Hall or any of his customers. [Vol. I, p. 15.]

*In this brief, where reference is made to the parties, unless otherwise specifically noted, reference to Appellant Hall and to the corporate Appellants will be by the single reference to Hall. Reference to B & W as Appellees and Appellants will be by merely B & W.

Trial commenced May 25, 1949, and after several days was interrupted to reframe the issues, the Court stating:

“But I am going to tell you my observation and my reaction to this case. If I ever saw a case that should be settled by the parties, it seems to me, in their own interests, it looks to me as if these people are just going to open this field for other people and kill each other off with litigation, (578) and the end will be other people will be in the field and defeat the very purpose of their original settlement (579).” [Vol. I, p. 490.]

The trial was resumed September 30, 1952, upon the statement of the issue that was to be first determined, *i.e.*, “Who first breached by a material breach?” the alleged Complaint of September 15, 1944.

After several days of trial it became apparent that there was not before the Court sufficient parties plaintiff to enable the Court to determine the issues. [Vol. II, pp. 788, 799.]

The District Court recessed the trial, requiring an Amended and Supplemental Complaint “to bring in all parties in interest.” [Vol. II, p. 792.] The District Court again expressed its views and admonished the parties to spend their time settling the issues. [Vol. II, p. 794.]

The trial was again resumed November 3, 1953, and on November 9, 1953, the partial judgment was entered by the Court [Vol. I, p. 303], adjudging that “No contract was entered into on September 15, 1944.” The trial then continued on the remaining issues of the pleadings, alleging unfair competition by the defendants and the Counterclaim of the defendants alleging:

1. Unfair competition by plaintiffs and
2. Infringement of Letters Patent No. 2,338,372, No. 2,374,317 and No. 2,392,352. [Vol. I, pp. 334, 335.]

A further issue came into the trial near the end of the taking of the evidence. An amendment to the Second Amended Supplemental Complaint [Vol. I, p. 234], and Supplemental Answer and Counterclaim [Vol. I, p. 326], were filed at that time to frame the issues concerning the said Hall Patent No. 2,671,515 which was brought before the Court on defendants' Motion [Vol. VII, p. 3288], when it was found by B & W that plaintiff Jesse E. Hall, Sr., had filed an action in the District Court for the District of Kansas, against J. L. Robinson [Vol. VII, p. 3285], without any attempt to bring that patent into the incident case. This was true even though the complete issue with respect to the Hall Patent 2,671,515 was before the District Court in this case. This was evident from the Stipulation that the evidence already offered before the filing of the Supplemental proceeding relative to the Hall Patent No. 2,671,515, might be considered as evidence on the issues raised by the said Supplemental proceedings. [Vol. VII, pp. 3314, 3315.] No additional evidence was offered by either party subsequent to the filing of these Supplemental proceedings.

While this cause of action was pending, plaintiffs filed an action in the District Court at Houston, Texas, against B & W seeking relief for alleged unfair competition, and declaratory judgment to invalidate the Wright patents above enumerated. The action was dismissed without prejudice by Stipulation. The Houston action was refiled and was stayed on motion of B & W pending final judgment of this Court.

Hall and his companies have also filed two actions in Canada:

1. To invalidate the Wright Canadian reissued Patent No. 472,221, Exhibit Q1.
2. Asserting a license under this Canadian reissued patent.

Both of these actions are still pending even though here final judgment has been entered by stipulation that no agreement in fact ever existed. [Vol. VI, pp. 2926, 2927.]

Hall has also filed two suits in Venezuela against B & W and its distributors there obtaining in one action, an injunction against B & W's distributor. Final dissolution of this injunction was confirmed by the Supreme Court of Venezuela. [Vol. VI, pp. 2924-2926.]

During the trial of this action before the District Court, Hall also filed an action against the B & W distributor in Kansas, asserting infringement of the Hall Patent No. 2,-671,515, Exhibit 286. Further prosecution of this action was stayed by Order of Judge Mathes on the defendant's motion. This stay is continued by the final judgment now before this Court on appeal and it was this stay that occasioned the motion to modify the injunction to permit Hall to prosecute the other pending actions. The Court has ordered that this motion will be determined upon final argument.

After the filing of the Complaint in this action, Messrs. Wright, Barkis together with other parties, purchased the Black and Stroebe patent. [Ex. 172.] This patent was cited by the Patent Office as a reference against Wright. [Wright Patent file wrapper, Ex. 8.] Suits were filed on this patent by Scratchers, Inc., against Hall's companies in Oklahoma and Texas. These suits were dismissed by stipulation, without prejudice, and have *not* been refiled. No publicity of any kind was given to the filing or the prosecution of these actions by B & W.

Jesse E. Hall, Sr., obtained a patent in Mexico which was in fact broader than the Wright patents before this court and upon the same invention. B & W Inc. protested these patents in the Mexican Patent Office in accordance with the provisions of the Mexican law and as a

result of this protest the Mexican Patent Office declared that the Hall Mexican Patent lacked novelty. Hall appealed by filing an action in the court in Mexico. The court affirmed the decree of the Patent Office. Hall appealed to the Supreme Court in Mexico and that court has not acted upon the appeal. Vol. VI, page 2927.

III.

Specification of Errors.

1.

The District Court erred in dismissing the counterclaim of defendant-counterclaimants. [Judgment, par. VI.]

2.

The District Court erred in finding and holding that the defendant-counterclaimants were in court with unclean hands. [Finding XXVI, Conclusion of Law B.]

2-A.

The District Court erred in denying relief to defendants and defendant-counterclaimants upon the ground that defendants and defendants-counterclaimants (a) come into court with unclean hands, and that (b) during the continuance of the controversy did not maintain their hands clean. [Conclusion of Law B.]

3.

The District Court erred in finding and in adjudging Letters Patent No. 2,338,372 granted January 4, 1944, to be invalid and void as to each and every claim thereof. [Finding XXX, Judgment, par. 10.]

4.

The District Court erred in finding and in adjudging Letters Patent No. 2,374,317 granted April 24, 1945, to be invalid and void as to each and every claim thereof. [Finding XXXIV, Judgment, par. 12.]

5.

The District Court erred in finding and in adjudging Letters Patent No. 2,392,352 granted January 8, 1946, to be invalid and void as to each and every claim thereof. [Finding XXXV, Judgment, par. 14.]

6.

The District Court erred in failing to find that plaintiff, Hall, and plaintiff-intervenors, have infringed Letters Patent No. 2,338,372. [No Finding or Conclusion.]

7.

The District Court erred in failing to find that plaintiff, Hall, and plaintiff-intervenors, have infringed Letters Patent No. 2,374,317. [No Finding or Conclusion.]

8.

The District Court erred in failing to find that plaintiff, Hall, and plaintiff-intervenors, have infringed Letters Patent No. 2,392,352. [No Finding or Conclusion.]

9.

The District Court erred in finding and in basing any holding or judgment upon the finding that Letters Patent No. 2,338,372 do not teach, claim or mention a method of completion of oil wells which incorporated within its teachings and claims cementing operations performed incident to oil well completions. [Finding XV.]

10.

The District Court erred in finding that and in basing any holding against defendants and defendant-counter-claimants upon the finding that defendants, Wright and B & W, Inc., both before and during the pendency of this litigation have unfairly and without cause notified customers and prospective customers of plaintiff and plaintiff-intervenors that the customers infringed Wright's method Patent No. 2,338,372 by the use of scratchers in

cementing operations incident to the completion of oil wells without intent that the notices serve as a preliminary to suit. [Finding XIV.]

11.

The District Court erred in finding and in basing any holding against defendants and defendant-counterclaimants upon the finding that defendants and defendant-counterclaimants, Wright and B & W, Inc, “* * * opposed the grant of said patent to Hall (2,671,515) at every permissible stage and by every permissible proceeding in the United States Patent Office.” [Findings X and Xa.]

12.

The District Court erred in finding that and in basing any holding against defendants and defendant-counterclaimants upon the finding that notices given by Wright and B & W, Inc., to the trade were not in good faith because Letters Patent No. 2,338,372 does not teach, claim or even mention a method of carrying out the cementing operations incident to the completion of an oil well. [Finding XV.]

13.

The District Court erred in finding and in basing a holding against defendants and defendant-counterclaimants upon the finding that the “* * * threats and notices of infringement of said method patent No. 2,338,372 were given by defendants and counterclaimants to customers of plaintiff and plaintiff-interveners in order to establish a limited monopoly in the manufacture and sale of scratchers not covered by said Letters Patent No. 2,338,372.” [Finding XVa.]

14.

The District Court erred in finding that and in basing any holding against defendants and defendant-counter-

claimants upon the finding that during the pendency of this litigation the said defendants and defendant-counterclaimants have unfairly and without cause notified customers of plaintiff and plaintiff-interveners that the customers infringed the Wright Patent No. 2,374,317, and that the said notices given to the trade both directly and indirectly were without intent that the notices serve as a preliminary to suit.

15.

The District Court erred in finding that and in basing any holding upon the finding that the notices of infringement of Letters Patent No. 2,374,317 given by defendants and defendant-counterclaimants were given in order to establish a limited monopoly in the manufacture and sale of scratchers not covered by said Letters Patent No. 2,374,317. [Finding XVc.]

16.

The District Court erred in finding that and in basing any holding or judgment against defendants and defendant-counterclaimants upon the finding that defendants and defendant-counterclaimants, Wright and B & W, Inc., cause Scratchers, Inc., to be organized; caused Scratchers, Inc., to acquire title to the Black & Stroble Patent No. 2,151,416, and caused suits to be filed against Weatherford Oil Tool Company, Inc., plaintiff-intervener; S & R Tool Company, and Weatherford Oil Tool Company, Inc., and in “* * * attacking the Hall Mexican Patent No. 47,661.” [Findings XVI and XVII.]

17.

The District Court erred in finding that the suits brought by Scratchers, Inc., and set forth in Finding of Fact XVI “* * * were instituted to serve as a basis for sales propaganda to the trade in the state or country in which they were filed.” [Finding XXIII.]

18.

The District Court erred in finding that defendants and defendant-counterclaimants have employed, and practiced techniques to influence the placing of business by the larger oil companies, which techniques entailed everything from veiled threats to adroit suggestions in an effort to make the oil companies feel more secure, patent-infringement wise, if they would direct their business to defendants and defendant-counterclaimants. [Finding XXIV.]

19.

The District Court erred in finding and in basing any holding against defendants and defendant-counterclaimants upon the finding that any suit, action or proceeding instituted by defendants or defendant-counterclaimants in this country or in any other country were tried primarily to the trade while pretending to look to this court for justice. [Finding XXV.]

20.

The District Court erred in finding that defendants and defendant-counterclaimants have, during this litigation, resorted to self-help while pretending to look to the court for justice. [Finding XXVa.]

21.

The District Court erred in denying relief to defendants upon the ground that during pendency of the action that the defendants and defendant-counterclaimants have resorted to self-help. [Conclusion of Law C.]

22.

The District Court erred in its conclusion that it failed to allow the defendants and defendant-counterclaimants

their taxable costs occasioned in this action. [Conclusion of Law E.]

23.

The District Court erred in failing to specifically find that plaintiff, Hall, had knowingly misrepresented facts to the Patent Office and had by such means misled the Patent Office in the granting of the Hall Patent No. 2,671,515.

24.

The District Court erred in failing to specifically find that the action of plaintiff, Hall, before the United States Patent Office fell strictly within the holding of *Precision Instruments Co. v. Automotive Co.*, 324 U. S. 806, and in failing to apply against Hall the admonitions of the Supreme Court as set forth in such decision.

25.

The District Court erred in failing to hold that the Hall application, Serial No. 556,191, eventuated in Letters Patent No. 2,671,515, was not a legal continuation-in-part of Hall application, Serial No. 388,891.

26.

The District Court erred in failing to find that Letters Patent No. 2,671,515 was invalid and void because the application therefor was filed more than a year after the devices illustrated in said application were on sale, had been sold and had been shown in public print for more than a year prior to the filing of the application for said Letters Patent.

IV.

ARGUMENT.

A. CHRONOLOGICAL SUMMARY.

In recovery of oil and gas from the earth, wells are drilled. It has for many years been usual to "cement" the well to separate the formations in the well. Cementing failures were common and the result disastrous to a well. These failures presented a very serious problem to the oil industry. [Vol. IV, p. 1750.]

Many attempts were made to solve this problem which existed throughout the oil fields of the world. [Vol. VI, pp. 2728, 2729.]

The problem is particularly illustrated and described in connection with Chart FT [Vol. VI, pp. 2729, 2743], and may be briefly stated as a failure to obtain a bond between the cement and casing within the well and the formation. These failures leave channels for mixing of the fluids, oil, water and gas within the well.

Mr. Kenneth A. Wright, a graduate petroleum engineer and geologist [Vol. VI, p. 2726], had for many years devoted his entire time to the problem of well completions. [Vol. VI, p. 2727.]

Wright the patentee of the three patents in suit in conceiving the inventions, determined first that it was essential to well completion to obtain an adequate bond between the well formation and the virgin soil through which the well hole was bored.

Wright conceived the invention set forth in the method Patent No. 2,338,372, Exhibit 37, of abrading the well bore to expose the virgin soil so that a bond could be had between the casing and the formation during the placement of sealing fluid, whether it be cement slurry or other fluid.

The sealing medium used to obtain this bond may be the cement commonly employed, oil, sulphur, or any other medium capable of maintaining a seal to separate the producing stratas. Such cementing or sealing was old in the art and well known to the entire industry.

Wright conceived that this result might be obtained by abrasion of the well walls so that the rotary mud used in the drilling process would be displaced from the formation and removed therefrom during placement of the cement or other sealing fluid.

Wright took his studies of this problem to Barkis, and explained the same to him. This was in the early part of the year 1939. [Vol. VI, p. 2743.] Barkis thought that the conception of Wright had merit [Vol. VI, p. 2744], and they formed B & W Inc., for the purpose of exploiting the Wright inventions. [June 1939, Vol. VI, p. 2744.]

Rotary mud has been used for as long as rotary drilling of oil wells has been practiced and is essential to the carrying out of this drilling process. Rotary mud is used for lubrication of the drilling cutters or bit; the provision of a vehicle for carrying the cuttings to the surface of the ground; and the sealing off of the formation to hold the well together and to resist cave-ins. Rotary mud builds up, particularly upon the permeable stratas of the well [Vol. VI, p. 2744], and it is from these permeable stratas that oil and gas are recovered.

It is the separation of these permeable stratas through the use of cement that underlies the process of "cementing" a well. Failure of cementing very often permits water to force the oil or oil and gas away from the well so that neither may be recovered. [Vol. IV, pp. 1747, 1748, Barkis.]

While B & W was engaged in development of a scratcher to effectively abrade the formation [Wright Patent No. 2,374,317, Ex. 38] it was called upon by the Union Oil

Company of California to demonstrate any device that it might have which might exhibit a hope of solving this problem in well completions. [Vol. IV, p. 1742.] The problem was so acute that Union Oil Company formed a special research project and invited anyone having any device or method to bring the same forward so that tests might be made thereof.

The project was assigned to Phillip H. Jones. [Vol. III, p. 1278.] The work in this project started in the latter part of the year 1939 and was carried over and completed in the year 1940. The project and the setting up of the research program is described by Mr. Jones. [Vol. III, pp. 1279, 1280.] A test apparatus was devised which is described in the Final Report. [Ex. X, Vol. IX, p. 3670.] Of all the devices and methods submitted and tested by the Union Oil Company, the one found to be most hopeful, was the B & W scratcher known as the "Wall Cleaning Guide." The Exhibit X report recommends that the Union Oil Company use these Wall Cleaning Guides.

"Protection of these formations against upper and lower water sands may be necessary and the absence of a thick mud cake between mud and productive sands is desirable. Therefore, where such conditions prevailed, it is suggested that *B & W Scratchers* be placed on the casing to remove mud cake from the potentially productive sand and from the formations above and below it." [Vol. IX, pp. 3679, 3680.] (Emphasis ours.)

The Union Oil Company followed the recommendation of the report Exhibit X and began the purchase and use of B & W Scratchers (Wall Cleaning Guides) in 1940, Exhibits RRRR, SSSS and TTTT. On March 15, 1940, Phillip H. Jones gave his report Exhibit X, to the Pacific Coast Section of the American Petroleum Institute at a

session held in the Biltmore Hotel at Los Angeles, California. At this API meeting, copies of the report Exhibit X were distributed. The copies distributed did not include the first pages which constituted the recommendations of the Union Oil Research Staff to the Union Oil Company, but in other respects were identical with Exhibit X. [Jones, Vol. III, p. 1292.]

Jesse E. Hall, Sr., used this report in certain of his sales activities. [Ex. 152, Vol. VIII, p. 3528.]

Prior to the release of the report by the Union Oil Company, namely on December 31, 1939, B & W made its first sale of scratchers (Wall Cleaning Guides) to Thomas Kelly & Sons [Vol. VI, p. 2787, Ex. HHHH], and these scratchers were lowered into the Kelly well and used in carrying out the cementing operation and are still in place within the well. The structure of these scratchers so used is shown by Exhibit FFFF. [Kelly, Vol. IV, pp. 1510, 1514.]

B & W's sale of scratchers began on December 31, 1939, and rose from this sale to an annual business of hundreds of thousands of dollars. [Exs. 175H, 176J, 177F, 179E, 180D.] Before the introduction by B & W of these scratchers and the teaching of the art, the method defined in the Wright Patent No. 2,338,372 [Ex. 37], there did not exist in the art a method adequate to solve the problem.

This business was so attractive that Jesse E. Hall, Sr., with full knowledge of B & W's activities, entered into the business in 1941. Hall filed a patent application for a Scratcher in the Patent Office on April 16, 1941. [Ex. 1, Vol. VIII, p. 3385.] While this Hall application was pending, the Wright method Patent No. 2,338,372 was issued on January 4, 1944. Hall filed a second patent application copying the claims of the Wright Patent No. 2,338,372. Two interferences were then declared, one between the Wright method patent

and the Hall method application Interference No. 81559 [Ex. 7], and a second between the Hall application filed April 16, 1941 [Ex. 1], and the application which eventually resulted in the grant of the Wright Patent No. 2,374,317. [Ex. 38.] Interference No. 81240. [Ex. 6.] In these Interferences, Hall conceded priority to Wright. [Exs. V and W, Vol. IX, pp. 3665-3669.] The Wright Scratcher application was filed in the United States Patent Office on December 10, 1940. [Ex. 38, Vol. VIII, p. 3487.]

Hall had full knowledge of Wright's invention and of Wright's introduction of scratchers to the trade. [English letter, Ex. 152.]

The purported agreement of Exhibit 34, was dated September 15, 1944. [Vol. VIII, p. 3474.] After September 15, 1944, the Hall application, Serial No. 388,891, was prosecuted by an attorney selected by Hall in accordance with the provision of the September 15, 1944 document. The application was finally rejected by the Patent Office and abandoned.

Hall filed a second application No. 627,013, filed November, 1945. [Ex. K.] Although the application, Serial No. 388,891 [Ex. I], was by the provision of Exhibit 34 presumably the property of Wright and B & W, no notification was given to Wright or B & W of the abandonment of that application until B & W sent the Assignment of this application to the Patent Office for Recordation. [Ex. AI, May 17, 1946, Barkis, Vol. IV, pp. 1811, 1812.] It was then known that no patent would issue to Hall pursuant to the terms of the document, Exhibit 34. After this B & W received a letter, Exhibit 22 from attorney Thomas E. Scofield, representing Hall, demanding a revision of the document of September 15, 1944, Exhibit 34. A conference was held between Kenneth A. Wright, Bruce Barkis and Hall's attorney, Mr. Scofield. [Ex. 171, Vol. VIII, p. 3536.]

At this conference, attorney Scofield, advised of the filing of the application 627,013 [Ex. K], and that unless the agreement was modified, that he would file suit against B & W. [Ex. 171.] B & W refused to accede to the demands and this action was filed on December 12, 1947. Hall ceased payment under Exhibit 34.

B & W had endeavored to negotiate with the Shell Oil Company a license on a royalty basis to use the Wright method patent, Exhibit 37, and permit that company to purchase scratchers in the open market. [Barkis, Vol. IV, pp. 1800-1804.] B & W had also similarly approached the Standard Oil Company of California. [Vol. IV, p. 1805.]

After the Hall Application 388,891, had been abandoned (Nov. 8, 1945) and after defendants were notified of the activities of plaintiff Hall in the exploitation of Scratchers to the Gulf Oil Company, defendant Wright wrote a letter, Exhibit 45, dated June 14, 1946 [Vol. VIII, p. 3503], advising Gulf Oil Company of the fact that the defendants held the Letters Patent herein issued and also advised them with respect to the purported agreement, Exhibit 34. Defendants continued negotiations seeking to obtain a part of the Gulf Oil Company's business in the use of the method and of Scratchers embodying the inventions made by defendant Wright.

The defendant's activities are completely summarized in the testimony of Mr. Houghton, patent attorney for Gulf, who was called as witness by plaintiff and who testified:

“Mr. Decker and Mr. Wright both stated that they had no present intentions of bringing suit against Gulf for infringement of the Wright patent and definitely stated that they would not claim damages for any of the cementing work done by Gulf in the past. They repeated their remarks that they were

only interested in obtaining a fair share of Gulf's Scratcher business." [Vol. II, p. 594.]

Gulf preferred a coil spring type scratcher, B & W in June 1947, offered Gulf a coil spring scratcher. [Vol. V, p. 2252, Ex. 88; Ex. 88A, Vol. VIII.] Gulf did not purchase this scratcher and B & W never sold a scratcher of this construction. [Vol. V, p. 2254.] The fact that these coil spring type scratchers were offered to Gulf was communicated in June 1947, to attorney Scofield and he phoned Gulf and stated:

"You called me on the phone, and seemed to be highly excited because you appeared to be under the impression that Gulf was buying or considering buying scratcher equipment from B & W, and you gave me to understand in no unmistakable terms that you were not going to stand for it and that you were going to sue Gulf Oil Corporation or Gulf Research and Development Company, and I recall distinctly I said, 'What in the blank are you going to sue on,' because I did not know you had any patent at that time upon which you could base a suit." [Houghton Deposition, Vol. II, pp. 564, 565.]

In the fall of 1947 B & W again solicited Gulf's business and offered the multiflex scratcher. [Physical Ex. 57.] Gulf indicated that it would purchase the multiflex scratcher. This decision was made known to Hall. Hall asserted that the Multiflex would infringe claims he alleged he had allowed. [Ex. SS, Vol. IX, pp. 3741, 3742, dated Dec. 5, 1947.] This decision of Gulf's precipitated this suit on December 12, 1947.

After the Patent Office finally rejected the Hall Application, Serial No. 388,891, it was determined that a second application on a scratcher would be filed by Hall. A letter [Exs. 194, 195, 196], of June 2, 1945, was written by John Hall, son of Jesse E. Hall, for his

father to attorney Scofield. This letter formulated the basis for the second application, Serial No. 627,013, Exhibit K, filed November 6, 1945. This letter was not before the Patent Office at any time and attorney Scofield refused to produce the same. The Patent Office held that it was without facilities to force the production of the letter. [Decision of the Patent Office, Ex. PB.] This letter was produced before the District Court pursuant to demand over the opposition of plaintiff. This letter, establishes that both Hall and Attorney Scofield knew in June 1945, that the B & W Wall Cleaning Guide was and always had been a reversible scratcher that it is rotated upon the casing during the scratching operation.

The 627,013 application, Exhibit K, was finally rejected and appealed to the Board of Appeals. The Board affirmed the Examiner and Hall then appealed to the Court of Customs and Patent Appeals.

While that Appeal was pending and before a determination Hall filed a third application, Serial No. 55619, Exhibit 69. The appeal was then dismissed which determined forever all issues before the Court of Customs and Patent Appeals or which might have been presented.

The Patent Office finally rejected the third application of Hall. The Board of Appeals allowed three claims, Claims 23, 24, 31 of this third application, now Claims 1, 2, 3 of the Hall Patent No. 2,671,515, Exhibit 286. The Board of Appeals in allowing these claims stated in referring to these claims and the B & W scratcher as shown in the Jones and Burdine report, Exhibit X:

“This is a structure whereby applicant attains the function disclosed in his application of rotating the support around the casing during its scratching operation and we do not find in the prior art this structure or any equivalent structure whereby this function could be attained. The Petroleum World publication does not clearly disclose that the support which seems

to be illustrated in Figure 26 (Exhibit X, Figure 26) is rotatably mounted on this or on the casing, although it may be that in the actual structure produced in Figure 26, the support was made reciprocable on the casing and also rotatable thereon. This cannot be determined from the record before us. Furthermore, although the ends of the whiskers disclosed in Figure 26 appear to be bent in a generally sidewise direction with respect to the radius of the support, the whiskers do not project in this manner from a point on the periphery of the support as recited in these claims.

“Without further evidence, it cannot be held merely from the disclosure of the application, that the scratcher illustrated in Figure 26 was constructed in accordance with these claims or functions as disclosed in the application on appeal.” [Decision of the Board of Appeals on Jan. 30, 1950, Ex. 69, p. 132.] (Emphasis ours.)

The fraud of Hall and Scofield in knowingly misrepresenting the facts to the Board of Appeals in order to obtain the foregoing decision, will be apparent from this Brief. The letter Exhibits 194, 195, 196 establishes beyond doubt the knowledge of Hall and Scofield that the structure of Figure 26 was a rotatable reversible scratcher. It will be further shown that the Patent Office has so held in its decision, Exhibit 216:

“It is accordingly held that the device shown in Figure 26 of the Jones and Burdine Report is so similar to or so nearly the same structurally and functionally as the one sought to be patented by Hall, that a showing of public use would bear the grant of a patent to Hall.” [Ex. 216, Vol. VIII, pp. 3562, 3563.]

After the Board of Appeals' decision of January 30, 1950, a third interference between Wright and Hall

was declared. Between an application filed by Wright 777,640 [Ex. 70], and the third Hall application, Serial No. 55619. When the interference was declared, it was determined that the Wright application was filed too late to avoid the statutory bar existing by the sale and offering for sale of the Hall and Wright scratchers. Wright having obtained knowledge through interference 84411 of the Action of the Board of Appeals, allowing claims 23, 24, 31 to Hall, protested under the Patent Office Rules the grant of a Patent to Hall. The record before the District Court corresponded with the record before the Patent Office differing in that the Patent Office did not have before it the proof that both Hall and Scofield knew as early as June 2, 1945, that the Wright scratcher was a reversible and rotatable scratcher.

The District Court with full knowledge of the facts herein referred to, held this patent, Exhibit 286 invalid, Vol. I, pages 343, 344.

A claim of violation of the antitrust laws was based upon the manner in which B & W was conducting its business of selling scratchers for use in carrying out the methods of the Patent No. 2,338,372 Exhibit 37 without separately stating a royalty charge. To avoid this claim of antitrust violation B & W segregated the charges made for the license and the charges made for the scratchers. To do this B & W stated upon its invoice the royalty charge. [Vol. I, p. 211.] This was in accord with the decision of this Court in the *Petrolite* case (*Dehydrators Ltd. et al. v. Petrolite Corp. Ltd.*, 117 F. 2d 183), where the court at page 187 stated:

“Indeed, no other course on the part of a patentee who is selling a commercial product to use in the patented process he owns would seem to quite meet the claim that the practice of combining the price of a royalty of a product in the same unit without separation tends to produce a monopoly in the product if a patent monopoly is not waived.”

In addition to the foregoing, defendants at the same time, placed on the Register of Patents, the Wright patents for licensing at the same rate, to-wit, of 60¢ royalty. [Exs. DV and DV-1.]

As soon as defendants commenced the stamping of its invoices to indicate the payment of the 60¢ royalty, plaintiffs circulated a letter demanding \$2.50 royalty per scratcher from any person using B & W scratchers of the Multiflex or nu-coil type. [Vol. I, p. 210.] A list of the companies to whom this letter was sent is in evidence and shows that this letter was sent to practically every customer of B & W.

There was no rhyme or reason for the sending of this letter, Exhibit JJJ except to retaliate, as was made evident from plaintiff's counsel's statement.

B & W petitioned the District Court for an injunction to enjoin Hall from circulating the letters like Exhibit JJJ. At the hearing Hall objected to the stamping of the B & W invoices with the 60¢ royalty notice. B & W's position was that it did not desire to circulate the invoices with the 60¢ royalty notice, it had only caused B & W trade difficulties and if the court desired, it could enjoin B & W upon Hall's application, from continuing to stamp its invoices showing the separation of the royalty charges.

The result was the issuance by the Court of the injunction of January 26, 1952. [Vol. I, pp. 209-212.] As a result of the Hall \$2.50 royalty letters, such large distributors of B & W scratchers as Bethlehem Steel, Exhibit KKK, Jones and McLaughlin, Exhibit OOO and Continental Supply Company, Exhibit QQQ issued Cease and Desist orders to all of their purchasing agents to immediately cease and desist from further purchase of B & W scratchers. It was shown that several of the Cease and Desist Orders were still in effect.

**B. THE ERROR OF THE DISTRICT COURT
IN HOLDING INVALID.**

1. The Wright Patent No. 2,338,372.

The Wright Patent No. 2,338,372, Exhibit 37, page 3483, will hereinafter be referred to as the Wright Method Patent. This patent deals with a "Method for Conditioning Well Bores" and the invention therein is adequately expressed in Claim 3.

The method thus invented by Wright was stated by Eugene L. Davis, District Engineer for the Texas Company, as the most outstanding contribution to this art made for a long, long time. Mr. Davis testified:

"Well at that time, we were very much concerned and the industry itself was very much concerned with the cementing problems in oil wells." [Vol. VI, p. 2756.]

Mr. Davis further testified that he was a member of the Committee of the API on oil well completions which included, cementing practices [Vol. VI, pp. 2756, 2757], that he had received personally from Mr. Jones, prior to the presentation of the paper to the API, the reports of the work that Jones had done with the B & W scratcher and the recommendations that were being made to the Union Oil Company, and testified concerning these reports:

"Well, they were convinced of the validity of their findings in these researches and would adopt the practices which he indicated of cleaning the formation."

Defendants further testified that the recommendations made to the Union Oil Company by Jones were adopted by the Texas Company, stating:

"I recommended that we adopt his practice in cementing of oil wells.

Q. Was that recommendation followed? A. Yes.

Q. Did the Texas Company make purchases of scratchers? A. Yes.

Q. Before the API meeting? A. Yes.

Q. From whom? A. B & W.

Q. Did they place those scratchers in operation? A. Yes.

Q. In accordance with what procedure? A. In the cementing of the water string.

Q. Did that procedure or did not that procedure follow that recommended by Mr. Jones? A. Yes it did." [Vol. VI, pp. 2757-2758.]

Exhibit X contains the recommendation of the B & W scratcher to the Union Oil Company, which was adopted and continued to date. The importance of this method is further shown by articles independently written in several of the internationally circulated periodicals dealing with the oil industry. The Oil and Gas Journal, Exhibit BE contains the article written by Mr. Rogers of the Carter Oil Company and speaking with reference to the use of B & W scratchers, *i.e.*, wall cleaning guides in cementing operations for that company comments upon the successful completion of oil wells utilizing such scratchers and shows a success frequency of 97½ per cent of the cementing operations as compared to 50 per cent failures prior to the use of the Wright method.

Exhibit DX contains an article written by Cannon and read to the API meeting in 1948. The Oil and Gas Journal Exhibit EZ contains the article written by McClatchen with respect to this tremendous advance made in the art of oil well completions. The Torrey articles, Exhibits FE and FG contain a graphic illustration of the failures in cementing prior to the introduction of the Wright method of well completion. Prior to the intro-

duction of the Wright invention, a process known as "squeeze cementing" was resorted to in an attempt to overcome the failures in cementing operations and such squeeze cementing was costing the industry in the United States in the neighborhood of \$5,000,000 a year. This invention has eliminated almost completely this practice. Rarely, if ever, has this Court had before it such a meritorious invention and one which has been of such great benefit to the industry. Seldom has this Court had before it such a patent as the Wright patent which sets forth a generically new invention which started an entirely new practice in an industry and which overcame a problem of so many years duration.

This Court has recognized the significance of this type of test for invention and stated in *Pointer v. Six Wheel Corporation*, 177 F. 2d 153 at 160:

"A test which has been found very useful and generally followed is that adverted to by Mr. Chief Justice Taft in the case just referred to,—namely, the discovery of the source of the difficulty and the application of a remedy not thought of before."

Wright discovered the difficulty. He discovered the solution for that difficulty. The Wright invention in the method lies in the *abrading* of the well wall to expose virgin soil not contaminated with rotary drilling mud, so that an effective bond may be formed between this virgin formation and the oil well casing by causing a sealing fluid to displace the mud and form the stated bond.

To accomplish the Wright method, scratchers are carried by the pipe or casing into the well. This casing or pipe is reciprocated in the well to abrade the formation so as to actually scratch or grind as abrading does, the rotary mud from the surface of the well hole. At the same time, the sealing fluid which is used to seal

the formation, cement, is pumped through the pipe so that this sealing fluid, cement, displaces the rotary mud and effects a seal between the virgin formation and the casing so that an effective and positive bond is had. As explained by Wright, rotary mud is like a filtrate in a filtering operation. The rotary mud is carried in water and when this rotary mud encounters the permeable formation, *i.e.*, the formation in the well through which the desired fluids, oil, gas and water, may be recovered, the water in the rotary mud passes through the permeable strata and deposits the mud on and in the permeable strata. The presence of this mud Wright discovered to be the primary cause of well cementing or well completion failures. Wright conceived that by *abrading* that he would not wipe the well surface free of rotary mud, but that he would grind or abrade the surface so as to remove from the surface that portion of the well wall which was contaminated with rotary mud. As in all filtering operations however, Wright realized that to merely remove the mud from the well wall was not sufficient because the precipitate would immediately reform. So that the second and essential step, as expressed in Claim 3, the utilization of the pipe carrying the abrading means to conduct the sealing fluid, cement, into the well to contact and bond with the wall of the well where the virgin soil was thus exposed. This was a brand new concept in well completions and is not even hinted at in any of the so-called "prior art."

Attorney Scofield, when asked by the District Court for the "best" art against this method patent stated:

"Your Honor, I do not believe that there is any very good art." [Vol. VII, p. 3283.]

That a real problem in well completions existed in the United States and in oil fields all over the world, prior

to Wright's invention, was stipulated to by counsel for plaintiff. Vol. VI, page 2728, where Mr. Scofield stated:

"We will stipulate that your Honor."

The foregoing illustrates not only the fact of the invention made by Wright in the method of Exhibit 37, but its acceptance in the trade, its wide spread commercial use and commercial success. While commercial success does not prove invention, it is also one of the reliable tests used in determining the fact of invention.

In *Goodyear Tire & Rubber Company, Inc. v. Roy-O-Vac Company*, 321 U. S. 275 at 279, the Supreme Court has stated:

"When the method was discovered it commended itself to the public as evidenced by marked commercial success. These factors were entitled to weight in determining whether the improvement amounted to invention and should in a close case tip the scales in favor of patentability."

It is submitted that the District Court's decision that the method patent is invalid in view of *unstated* prior art cannot be sustained.

(a) The Error of the District Court In Finding That the Patent Does Not Teach Cementing.

The District Court in its Memorandum, Vol. I, page 336, erred both in law and fact in holding:

"Moreover the notices were not given in good faith since Patent 3,338,372 does not teach or claim, or even mention any method of carrying on the cementing operation incident to the completion of an oil well."

The Union Oil Company, the committee on well completions of the API as expressed by Mr. Davis of the Texas Company and the art had no difficulty in applying the invention of the Wright method to practice in oil well cementing. The committee on oil well completions of the American Petroleum Institute was dealing with the problem of cementing failures. Well completions as shown by this evidence is the art of well cementing or sealing the well to the casing to permit the recovery of the desired fluid from the permeable formations of the well. No one before the District Court testified to the contrary. The error of the District Court lies in the fact that this Court was not skilled in the art of well completion, the art to which the patent, Exhibit 37, is addressed. The patent does teach the art of well completion the use of cement to form the seal, but is broader in that it contemplates any of the other well known methods of completing a well, such as for example, the use of oils, sulphur or other mediums commonly employed to complete the well. It was not limited to cement by design the patent solicitor who drafted the application.

Thus it is clearly demonstrated that the Court erred as a matter of fact in the interpretation of the method patent. The record contains no evidence that the art did not understand that the method patent, addressed to well completion, was not understood to be directed to cementing.

The fact, if it were a fact, that Wright did not conceive that his method of well completion included the art of cementing a well, would not in any way mitigate against the validity of the patent or against the fact that the patent should by law be construed to cover such operation. The rule is that an inventor is entitled to any use to which his invention may be put. This doctrine is established by a long line of decisions as early as *Winans*

v. Denmead, 56 U. S. 330 (1953), and as was stated in *Roberts v. Ryer*, 91 U. S. 150, 157, 23 L. Ed. 267, 270:

“The inventor of a machine is entitled to all uses in which it can be put, no matter whether he had conceived the idea of the use or not.”

See also *Western Electric Co. v. LaRue*, 139 U. S. 601; *Potts & Co. v. Greager, et al.*, 155 U. S. 597 at 606. This Court stated the rule in *Reinharts, Inc. v. Caterpillar Tractor Co.*, 85 F. 2d 628 at 632:

“He may, therefore, claim every use to which it may be applied, irrespective of whether he had it in mind when he made the invention.”

There is, therefore, no support in *fact* or *law* for this holding of the court that the method patent did not include cementing and it was, therefore, unfair competition to notify companies performing cementing operations of the Wright method patent.

(b) That the Notices of Infringement Sent Out With Reference to Patent No. 2,338,372 by Defendant Were Sent to Establish a Limited Monopoly in the Manufacture and Sale of Scratchers Not Covered by the Patent No. 2,338,372.

The Patent Act of 1953, 35 U. S. C., Section 271(c) (d), define contributory infringement.

The scratchers referred to are clearly not staple articles or commodities of commerce suitable for substantial non-infringing use as set forth in Section 271(c). The fact is the scratchers have no other use than in carrying out the processes of the Wright patents. Even should the court's assumption of fact be correct, for which there is no basis in the record, it is established by law that the legal conclusion and consequence referred by the court is contrary to the provisions of the law. It is significant

to note in this regard that there is no finding by the court that the scratchers are stable articles or commodities of commerce suitable for substantial noninfringing use. Such finding could not be made in view of the record. Scratchers have no other use than in carrying out the processes of well completions. Hall testified the scratchers clearly infringe the Wright Patent No. 2,374,317. [Vol. II, p. 994.] There is no incident set forth in the record wherein it is established that B & W or Wright gave notice of infringement of only the method patent. For example, Exhibit 45, the letter written by Wright to Teplitz of the Gulf, June 13, 1946, lists the three Wright patents, Exhibits 37, 38, 39 and merely states that B & W holds such patents and could not be considered to come within the accusation made by the District Court of an attempt to monopolize the sale of scratchers through the enforcement of a method patent which does not cover the said scratchers. The stamping of the invoices with the 60¢ royalty notice as set forth in Exhibit 83, Vol. VII, page 3517, cannot be considered such a practice. Certainly this cannot be considered to be true with respect to the letters written to the Shell Oil Company, Exhibit 16, and Standard Oil Company of California, Exhibit 44, in the attempt to license these companies so that they could utilize the method of this patent and purchase their scratchers from any supplier. [Barkis, Vol. IV, pp. 1800, 1805.] Certainly the act of B & W in placing the patents upon the Patent Office Registry at the 60¢ license fee [Exs. DV, DV-1 dated June 29, 1953, Jan. 1, 1952] so that anyone could obtain such a license and thereby acquire the scratchers at any place, cannot be considered such an act as would fall within the District Court's ruling. The record and the law do not in any manner support this finding of the District Court and there is not any basis for the decision of the District Court that B & W sought to monopolize the sale of scratchers by virtue of the

Method Patent No. 2,338,372. As previously pointed out, even if such finding of *fact* could be supported, there is nothing in the Patent Law to condemn the practice of maintaining a monopoly in the sale of scratchers having no other commercial use than in the carrying out of the method as defined in the Method Patent.

2. The Wright Patent No. 2,374,317, Exhibit 38,
Vol. VIII, Page 3487.

This patent is the apparatus patent of B & W granted for a scratcher used in carrying out the method of the Patent Exhibit 37. This patent deals with a construction of scratchers suitable for presentation of the scratching fingers, or wires against the well wall so as to abrade the well wall to remove the mud and mud infested formation from the well wall to expose virgin formation so that an effective bond may be established between the permeable formation, the cement and the well casing. The claims of the patent were attained after interference with Hall and after Hall conceded under oath priority of invention to Wright. [Ex. V, pp. 3666, 3667.] The invention of this Wright Apparatus Patent, Exhibit 38, is set forth for example, in Claim 1 thereof.

The scratcher of this Wright patent includes a collar or inner sleeve 14 upon which abrading wires or fingers 22 are secured by means of clips or ribs 15, which are spot welded to the collar 14 and which confine the inner ends or shank portions 21 of the wires. The shank portions of the wires are secured in position against turning by being "riveted over" at 25 so that the spring shank is held in position. As shown in Figure 6 of the patent, each abrading wire includes a finger portion 22 having an abrading end 24 at its outer end and at its inner end a spring shank portion 21 which is formed at an angle to the finger 22 so that the finger 22 leaves the collar in angular relation thereto. At the inner end the spring por-

tion shank 21 is bent at 25 to form a holding section. The action of the abrading finger is as illustrated in Figure 2 to engage the well bore at the end 24 to abrade the same and this abrading is accomplished by the spring thrust imparted to the finger by the spring shank 21 which acts as a torque spring to hold the finger 24 in abrading contact with the well, much the same as the fingers of the hand might be spring urged against a surface so that the finger nails of each finger are caused to thrust into the formation and physically scratch or abrade a portion of the wall to expose the virgin soil.

The claims of the Wright Patent clearly define this invention. Claim 1 sets up the definition as a combination including:—the sleeve 14 having a plurality of abrading fingers 21 projecting from the sleeve in spaced relation to one another, the outer free ends 24 of the fingers 21 being adapted to engage the wall of the well bore into which the device is lowered and means constituting the spring shank mounting for yieldably supporting the fingers on the sleeve whereby the fingers may swing longitudinally, that is, in the direction of the length of the sleeve.

The operation of the scratcher is, as it is reciprocated upon a well casing, to abrade the surface of the well as that process of abrasion is photographically illustrated by Exhibit AAA. [Vol. IX, p. 3810.]

Exhibit AAA is a photograph of the inside of a test structure in which scratchers were reciprocated to trace the pattern of the ends of the wires in their abrading operation. In this photograph it will be noted that at the top and bottom of each stroke the direction of the movement of the scratcher was reversed and that the lines traced move in a general horizontal direction so that the scratcher wires move to a different position to abrade the well wall on each reversal of movement. This operation

enables the multiplicity of scratcher fingers carried by the scratchers of the Wright invention to completely cover the inner surface of the well bore, to completely abrade, to physically dig out the rotary mud and to remove by abrasion the rotary mud contaminated soil forming the well wall to expose virgin soil. The rotary mud is pushed out of the way by the incoming cement, surry or other sealing fluid, and an effective bond is had between such sealing fluid and the well bore and the casing to prevent intermixing of the fluids in the well, *i.e.*, gas, oil and water.

The District Court held this patent likewise invalid in view of unnamed prior art. Vol. I, pages 343, 344, the entire hold in this regard being:

“After full consideration of the claims of each of the patents in suit and in light of the prior art as disclosed by the evidence, I find and hold . . . Patent 2,374,317 (‘Well Production Equipment—Wall Cleaning Guide’) and each claim of each thereof, to be invalid for want of ‘invention.’” [Finding of Fact XXXIV, Vol. I, p. 383, is the same.]

The District Court at the trial of this cause requested plaintiff to designate the most pertinent art relied upon by plaintiff in its claim of invalidity of the Wright patents and plaintiff designated as the most pertinent art the Black and Stroebel Patent No. 2,151,416, when taken in conjunction with the Shaw Patent No. 764,784.

“The Court: What does the Plaintiff claim as the closest prior art to this claimed invention of Wright?

Mr. Scofield: The Method or Apparatus, Your Honor?

The Court: Both, or each.

Mr. Scofield: It is according to what method you were referring to. If it is the method that they have represented to the trade that the patent covers . . .

The Court: I am referring to the method described in the patent.

Mr. Scofield: As far as the method described in the patent, *Your Honor, I do not believe that there is any very good art.*

The Court: What about the device?

Mr. Scofield: The device, Your Honor, I think is pretty well anticipated by the Shaw Patent in connection with the patent to Black and Stroebe1." [Vol. VII, pp. 3282, 3283.] (Emphasis ours.)

Neither the Black and Stroebe1 Patent nor the Shaw Patent deal with the primary invention of Wright in either the Method patent, Exhibit 37, the Apparatus patent, Exhibit 38, or the Plugging patent, Exhibit 39. These patents are not concerned with nor had their inventors conceived that an effective bond might be produced between the wall of the well bore, the casing and the sealing fluid by abrading the well surface to remove the rotary mud therefrom and replace the same with a sealing medium during abrasion. There is no hint or suggestion of this invention in either of these selected "best references." These patents do not disclose nor do they suggest the invention of the Wright Apparatus patent in the provision of spring urged fingers which are urged against the well bore wall so that the ends of the fingers act to abrade that surface. The subjects dealt with are: the Shaw Patent "Means for Cleaning Well Strainers" and Black and Stroebe1 Patent with the same subject, namely, a "Perforation Cleaner." The perforations referred to by Black are the same as the perforations of the well strainer referred to by Shaw. Both seek to remove from the well liner or strainer, the material which is clogging the passages or perforations thereto, so as to admit oil, gas or other fluid into the interior of the well production pipe so that the said fluid may be raised to the surface

of the well. Neither Black nor Shaw was concerned with whether or not this cleaning was effected by the ends, the sides or any other portion of the wires which they disclosed for brushing the material clogging the perforations out of the perforations. They were not concerned with nor did they conceive of abrading the material away and simultaneously replacing the same with a sealing fluid. Their purposes were not to "seal" but to open.

As testified to by Mr. Hall, these devices would be entirely unsuitable for and would not function as scratchers for carrying out the abrading of the wall of a well bore.

Hall's position is that wires which extend truly radially as shown by the Black and Shaw patents, cannot and will not function to perform the scratching operation and his position before the Patent Office was that the wires disclosed by Black *et al.*, and it must also be the same with respect to Shaw, because they extend in exactly the same manner, that the wires could not be reversed on reversing the reciprocation of the casing in the well, but that the wires would immediately break off so that the scratcher could not function to displace the rotary mud by abrasion and keep the rotary mud abraded and away from the well wall during the replacement of the rotary mud by the sealing fluid or cement slurry.

The Black and Stroebel Patent was before the Patent Office and was cited as a reference against all of the Wright applications. It was cited as a reference against the Hall applications. The claims in issue were allowed over this patent after full consideration thereof by the Patent Office.

No testimony was offered before the District Court with respect to either the Shaw or the Black and Stroebel patents, so that the District Court was in no better position to consider the relevancy of either of these references than the Patent Office. Hall's position with respect to the Black and Stroebel patent is set forth in the

Hall file wrapper, Exhibit 69, pages 98, 99 thereof, wherein Hall states:

“Operating scratchers where the wires extend radially from the support, reversal of direction of their travel not only causes the wires to move up and down in a vertical plane so that they scrape a straight line pattern on the well bore, but also doubles them back with each reciprocation soon resulting in either bending off the wires or failure from their assuming a permanent bend against the collar or casing. * * *

This leads us to the rejection on Black *et al.* in view of the Board’s decision. The structure of the Black perforation cleaner is not comparable to the device of Claim 18 or any of the other claims in this category. There is no support rotatably mounted on the exterior of the casing. Black’s device is a cylindrical tube from which radial wire abrading elements extend. The support or body of Black is threaded onto a set of jars or to a sinker bar or one or more sections of pipe which give it the required weight to force the cleaner into the liner. The liner is a slotted tube through which the oil enters the casing and the Black device is designed to clean the slotted openings in this tubular liner. Reciprocation of the Black cleaner within the liner scratches the inside surface along vertical lines and the lines are doubled back vertically on each reciprocation of the cleaner.”

The art selected as the “best” considered by the Patent Office, was distinguished by Hall and shown to be for another use, seeking another result by another mode of operation. It clearly has no effect to either invalidate or limit this Wright scratcher patent. Certainly the Finding of the District Court that the Wright Patent No. 2,374,317 is invalid in view of *unnamed* prior art cannot

be sustained, whereas here the art was before the Patent Office and there was no different evidence before the Court. The Black and Stroebel and Shaw Patents were placed in evidence without explanation, and no evidence was offered as to the facts of their disclosure.

3. The Wright Patent No. 2,392,352, Exhibit 39.

The District Court held the Wright "plugging" Patent No. 2,392,352, Exhibit 39, invalid—

"and each claim * * * thereof to be invalid for want of invention." [Vol. I, p. 344.]

The stated basis for this holding is found in the Memorandum of the Court, Vol. I, page 343, to be

"in the light of the prior art."

What that prior art is is not discernible from either the Findings of Fact or the Court's Memorandum. There was no art described to the District Court and no art which was in any way to be differentiated from the art before the Patent Office. Such a Finding of Fact is not to be sustained short of demonstration and no such demonstration is possible. This Wright patent relates to a method of plugging cement plugs or bridges in well bores. The Wright Plug Patent is directed to a particular application of the broader invention of the Method Patent Exhibit 39. It is addressed to the problem in well completion of attaining a complete shutoff at a desired point in a drill hole, *i.e.*, a well, when it is required that no casing or pipe be maintained within the well at the point of the "plug" or "bridge." The "plug" or "bridge" completely fills the hole, so that the problem was to attain a complete filling and attain a complete bond with the well wall. Exhibit 39, Vol. VII, page 3495, first column, second paragraph. The complete invention is adequately illustrated by Claim 1.

A cement plug is placed in the bottom of a well bore where it is desired to isolate the fluids from below the cement plug from entrance to the well bore. This operation is one which, previous to the Wright invention presented great difficulty. The article written by Jesse E. Hall, Sr., Plaintiff's Exhibit CT, entitled "Index to Well Completions" on page 9 states:

"A plug back job, one of the most difficult of cement jobs, becomes a simple operation when Weatherford Scratchers and Spiral Centralizers are used on the drill pipe."

In the method of the Wright patent, the scratchers referred to are mounted on the exterior of the drill pipe (rather than on the casing as in the prior Wright patents). The scratchers thus mounted on the drill pipe are lowered to the location where the cement plug is desired. The drill pipe is then reciprocated or rotated [Ex. 39, p. 2, Col. 1, line 18] so that the wire fingers of the scratchers abrade off the mud sheath from the formation where the cement plug is to be placed. While abrading is thus being performed, the mud fluid is forced through the drill pipe to carry away the material scratched from the walls of the well. [Ex. 39, p. 2, Col. 1, lines 21-23.]

The mud fluid is forced from the well by the use of a cement slurry pumped down through the drill pipe during reciprocation of the drill pipe so that the cement slurry moves the mud and material scratched from the well bore out of the well, preventing redeposit of the mud upon the permeable strata. The cement is then allowed to set and completely fills the well hole at the desired point, forming an intimate bond with the wall of the well bore. [Ex. 39, p. 2, Col. 1, lines 25-35.]

To permit the formation of the complete "Plug" or "bridge" the drill pipe together with the scratchers is removed from the well bore prior to the setting of the

cement. The art cited against the application which resulted in the Plug Patent, includes the earlier Wright Method Patent Exhibit 37. The application for the plug patent, like all the Wright applications, was rigidly examined by the Patent Office and the claims were allowed by the Board of Appeals.

It is submitted that the Plugging Patent is valid and has constituted a material advance in the art not disclosed or known prior to Wright's invention and, as stated by Hall, provided a very simple solution to this perplexing problem:

“A very simple operation when * * * scratchers * * * are used on the drill pipe.” [Ex. CT, *supra*.]

C. THE ERROR OF THE DISTRICT COURT IN FAILING TO FIND INFRINGEMENT BY DEFENDANTS OF THE LETTERS PATENT, EXHIBITS 37, 38, 39.

(1) Infringement of the Wright Method Patent No. 2,338,372, Exhibit 37.

The District Court Memorandum, Vol. I, page 333, and the Findings of Fact and Conclusions of Law, Vol. I, page 368, contain no ruling, holding or findings on the question of infringement.

The method used by defendants has been referred to in the record and in the publications of the defendants, as the “Weatherford Formula.” The Weatherford Formula utilizes every step of the method set forth in the claims of the method Patent Exhibit 37. This fact was admitted by Plaintiff Hall when he copied all of the claims of Exhibit 37 for the purpose of interference. To avoid the charge of infringement it would be necessary for plaintiffs to urge that the court should read some limita-

tion into the claims of the patent which are not therein set forth. Limitations are not to be read into the claims.

Martin et al. v. H. C. Miller Co., 63 F. 2d 5, 7 (7 Cir.);

Farrington v. Haywood, 35 F. 2d 628, 630 (6 Cir.);

Smith v. Snow, 294 U. S. 1;

Electric Machinery Mfg. Co. v. General Electric Co., 88 F. 2d 11, 16 (2 Cir.).

A process patent is not avoided by one who utilizes the process but in carrying out the process employs a different form of apparatus.

Tilghman v. Proctor, 102 U. S. 707, 730, 26 L. Ed. 279;

Smith v. Snow, 294 U. S. 1, 20, 79 L. Ed. 721, 732;

Waxham v. Smith, 294 U. S. 20, 23, 79 L. Ed. 733, 735;

Moore Filter Co. v. Tonopah-Belmont Development Co., 201 Fed. 532 (3 Cir.).

Plaintiffs have offered no evidence to distinguish the process they employ, instruct and in fact carry out at the well, from the teachings and claims of the Wright Method Patent, Exhibit 37. That infringement of the patents exists is not refuted in any manner.

Union Oil Co. of California v. America Bitumuls Co., 109 F. 2d 140.

Proof of infringement in this case is established through the testimony of John E. Hall, which testimony establishes the fact that plaintiffs were at the wells, carried on the method operations themselves and instructed the crews as to the operations to be performed. The de-

defendants in this case are direct infringers and no reliance upon the doctrine of contributory infringement is required. However, the defendants are clearly likewise liable in this case on the doctrine of contributory infringement in that they instruct, direct and supply the instrumentalities for the carrying out of the patent in suit, and which apparatus has no other reasonable use so that it is

“not a staple article or commodity of commerce suitable for substantial non-infringing use.” (35 U. S. C., Sec. 271(d).)

(2) Infringement of the Wright Scratcher Patent No. 2,374,317.

The Wright Patent Exhibit 38 discloses and claims the first successful well completion scratcher. The patent is primary in character. Before Wright's invention, the art had no such thing as a scratcher for use in well completion work. A primary patent which discloses a device, method or art which was never before successfully performed, is a “primary or generic patent.” Prior to the Wright invention, there was no “art of scratching.” That such a patent is for a primary invention is established in:

Morley Machine Co. v. Lancaster, 129 U. S. 263, 32 L. Ed. 715;

Celluloid Mfg. Co. v. Arlington Mfg. Co., et al., 44 Fed. 81 (C. C., N. J.);

National Cash Register Co. v. American Cash Register Co., 53 Fed. 367, 372 (3 Cir.);

Boston Lasting Mach. Co. v. Woodward et al., 53 Fed. 481 (C. C. Mass.).

Patents for primary inventions are to be broadly construed and are entitled to a liberal range of equivalents:

Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U. S. 405, 52 L. Ed. 1122;

National Hollow Brake-Beam Co. et al. v. Interchangeable Brake-Beam Co., 106 Fed. 693, 710-711 (8 Cir.);

Walker or Patents (Deller's Ed.), Vol. 3, Sec. 471, p. 1709;

Dean Rubber Mfg. Co. et al. v. Killian, 106 F. 2d 316, 319 (6, 7) (1939);

Smith, Kline & French Laboratories v. Clark & Clark, 157 F. 2d 725, 729 (12, 14).

The Wright Patent, Exhibit 38, shows the Wall Cleaning Guide as first commercially used in the Union Oil Company wells in the Rosecrans field in March, 1940. Exhibits 184, 185. Before the District Court defendants relied upon Claims 1, 2, 5, 6, 10 and 15 of the Wright patent as clearly infringed by the plaintiff's scratchers. That the plaintiff's scratchers infringed the claims of this patent is clear. In Exhibit L published by plaintiff on page 2, the number of the patent Exhibit 38 is pleaded below the picture of the Weatherford Scratcher, giving notice to the trade and the world at large that the Weatherford Scratcher was built under the Wright Patent Exhibit 38. In the photograph, Figure 7 of the Weatherford Catalog Exhibit L, the scratcher is mounted on a tubular casing to be permanently installed in a well as required by claims 1, 2, 5 and 6 of Exhibit 38. As shown in Exhibit NN, page 2, the Weatherford Scratchers are installed in perforated casing liners as required in Claim 15. The physical exhibit of the Weatherford Scratcher, Exhibit 45, shows clearly that the same includes a sleeve or collar which is intended to be mounted upon a wheel casing. The Weatherford scratcher includes a plurality of abrading fingers which extend outwardly from the sleeve in spaced relation to one another, as that combination is defined in Claims 1, 2, 5, 6, 10, 15. The fingers of all of the scratchers extend in a radial

plane and extend outward to cause the ends of the fingers to abrade the wall of the well bore for the purpose of abrading or grinding the rotary mud from the well bore surface. The same operation is performed by the fingers 22 of the Wright Exhibit 38. It is thus clear that the Claims 1, 2, 5, 6, 10, 15 find their literal correspondent in the Weatherford Scratchers, so that it becomes apparent why Jesse E. Hall, Sr., admitted that the Weatherford Scratchers infringed the Wright Patent Exhibit 38. [Vol. II, p. 994.]

The single difference between the Weatherford Scratcher and the Scratcher of the Wright Patent Exhibit 38, lies in the substitution in the Weatherford Scratchers of the coil spring for the torque type spring used by Wright, together with a modification as to the degree of sidewise inclination of the scratcher fingers. That the torque spring and coil spring constitute well known equivalents for one another is too well known in the arts to require extended argument. It is established through the testimony of defendants' expert, Mr. Dobbie, [Vol. 7, pp. 3074 to 3076], and through the testimony of Mr. Wright. It is not denied in any place in the record on behalf of Hall. That there is substantial identity in mode of operation, structure and combination of elements is clear from an optical comparison of the physical exhibits of these scratchers. [Exs. CK and EG.]

Not only is the foregoing true, but the record contains letters written by attorney Scofield to the Texas Company notifying the Texas Company that it was the intention of attorney Scofield to institute suit against the Texas Company for infringement because they were utilizing the Multiflex and Nu-Coil scratchers of B & W. The theory behind this letter was that Hall had an exclusive license under the patent to the form of scratchers illustrated by the Multiflex and Nu-Coil scratchers. It is contended by Hall that the Nu-Coil scratcher is a duplicate of the

Weatherford scratcher. Thus, in Exhibits HHH, Vol. IX, page 3786, attorney Scofield, representing Hall, wrote the Texas Company:

“On behalf of my client Jesse E. Hall, Sr., you are hereby notified that the purchase and use by the Texas Oil Company of B & W ‘Nu-Coil’ and ‘Multiflex’ scratchers is an infringement of the Wright Patent 2,374,317 in view of an exclusive reservation granted Hall under an existing contract between J. E. Hall, Sr. and Kenneth A. Wright of B and W, Inc. and under which contract Mr. J. E. Hall, Sr., was granted the right to sue for infringement of the patent above referred to.”

In Exhibit III, written July 28, 1950, to Mr. Stratford of the Texas Company, attorney Scofield stated:

“The Texas Company still persists in purchasing the ‘Multiflex’ and ‘Nu-Coil’ scratchers from B and W in Texas, Louisiana and in California, so it appears it will be necessary for us to take more drastic action.”

With this letter attorney Scofield forwarded to Mr. Stratford of the Texas Company, in New York, a copy of Exhibit HHH hereinabove quoted. Thus we have an admission of infringement by plaintiff Hall, and an assertion of the Wright scratcher patent, Exhibit 38, and of the right to bring an action for infringement under the said patent by Hall’s attorney, and we have here no attempt to distinguish the claims of the Wright patent from the Weatherford scratcher. Infringement is clearly established. There is substantial identity resulting from copying of the Wright scratcher by Hall as Hall saw that scratcher in use and tested by the Union Oil Company at

Dominguez Hills and as that scratcher is illustrated in Exhibit X.

“There is a substantial identity, constituting infringement, where a device is a copy of the thing described by the patentee, ‘either without variation, or with such variations as are consistent with its being in substance the same thing.’ Burr v. Duryee, 1 Wall. 531, 573, 17 L. Ed. 650, 658. Except where form is of the essence of the invention, it has little weight in the decision of such an issue; and, generally speaking, one device is an infringement of another, ‘if it performs substantially the same function in substantially the same way to obtain the same result. * * * Authorities concur that the substantial equivalent of a thing, in the sense of the patent law, is the same as the thing itself; so that if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form or shape,’ Union Paper-Bag. Mach. Co. v. Murphy, 97 U. S. 120, 24 L. Ed. 935, 936. * * *”

Sanitary Refrigerator Co. v. Winters, 280 U. S. 30, 39, 41, 74 L. Ed. 147, 156.

“* * * The contention that the casing does not infringe is based upon this slight difference in form between a section of that casing and a section of a casing embodying one or more of the claims of the patent. The meaning of those claims is to be determined by considering, not solely the language thereof, but also the patent drawings, and statements and descriptions contained in the specification; Brooks v. Fiske, 15 How. 212, 14 L. Ed. 665; Fuller v. Yentzer, 94 U. S. 288, 24 L. Ed. 103; Mossberg *et al.* v. Nutter *et al.* (C. C. A.), 135 F. 95 * * * Nothing in the letters patent indicates that the patentee believed or contended that straightness of the

surface of a section in the direction of the water flow contributed in the slightest degree to the merit or value of his invention."

Allis-Chalmers Mfg. Co. et al. v. Columbus Electric & Power Co. et al., 19 F. 2d 860, 864 (5 Cir.).

If it could be argued that Hall's scratcher is an improvement over the scratcher of the Wright Patent, Exhibit 38, such fact of improvement does not avoid infringement of this Wright patent.

"* * * Doubtless this was an improvement which was, perhaps, patentable, but none of the tribunals in the Patent Office proceedings deemed this to be more than an improved equivalent of the trough, which did not take these machines out of the domination of the claim awarded to Dickinson. As the Dickinson patent is a generic patent, the doctrine of broad equivalents properly applies here. *Morely v. Sewing Mach. Co.*, 129 U. S. 263, 273, 32 L. Ed. 715, 719, 9 Sup. Ct. Rep. 299; *Miller v. Eagle Mfg. Co.*, 151 U. S. 186, 207, 38 L. Ed. 121, 130, 14 Sup. Ct. Rep. 310; *Continental Paper Bag Patent Case*, 210 U. S. 405, 52 L. Ed. 1122, 28 Sup. Ct. Rep. 748."

Hildreth v. Mastoras, 257 U. S. 27, 36, 66 L. Ed. 112, 117.

As to the employment of obvious equivalents as was done by Hall in the substitution of a coil for a torque spring, such use of equivalents clearly does not avoid infringement. See *Sanitary Refrigerator Co. v. Winters*, 280 U. S. 30, 42, 74 L. Ed. 147, and *Graver Tank and Mfg. Co. v. Linde Air Products Co.*, 339 U. S. 605, 607, 94 L. Ed. 1097, at 1101.

As Jesse E. Hall, Sr., testified:

“The Witness: My opinion was then and it is now, that the Multiflex and Nu-Coil installed the teachings of the B & W Apparatus Patent 2,374,317.

The Court: Exhibit 38.

The Witness: Exhibit 38. They would infringe.”
[Vol. 2, p. 994.]

**(3) Infringement, Wright Plugging Patent No.
2,392,352, Exhibit 39.**

The use of the Plugging Patent by plaintiffs is fully shown in the record not only in Exhibit CT, but in page 7 of Exhibit 4 where under the title “Other Scratcher Uses” it is stated by Hall in this Weatherford catalog on drill pipe or tubing for cement plug back jobs and in the Weatherford catalog, Defendant’s Exhibit L, page 9, where it is described:

“The PLUG BACK STINGER is another Weatherford innovation which has been in use for several years. It transforms the installation of a cement bridge or a bottom hole plug into a simple operation. The scratchers are spaced two feet apart from the bottom to a reasonable point above the calculated cement fill in order to take care of any miscalculations in the cement top. The scratcher stinger should be worked up and down as much as possible to remove mud cake, to puddle the cement back into the walls, and to eliminate channelling and resulting fluid flowbacks. The same scratchers can be used on several plug back jobs.”

The method thus described contains all of the steps of the Wright Plugging Patent in the same sequence and for producing the same result. A sample demonstration of

infringement is from the steps of the claims of this Method patent which are:

“1. Mechanically abrading the wall of the well bore at the zone in which the plug is to be formed by operating an abrading means in said zone of the well.”

As set forth in the above quotation from Exhibit L, this step is clearly performed when utilizing the Weatherford scratcher in the plug back operation where the scratchers are reciprocated up and down to remove the mud cake at the point where the plug is to be formed.

Secondly, this claim calls for the step of circulating the liquid in and out of the well bore to remove the dislodged extraneous material. As stated in Exhibit CT, Hall, in carrying out this method circulates the mud fluid. Exhibit CT on page 9 thereof sets forth the description of the plug back job and points out on page 10:

“The pipe should be reciprocated several times, when the scratchers and spiral centralizer are at each gas sand, and the well should be circulated when so doing.

“Pipe sticking problems produced by bad filter cake conditions can be remedied merely by running the scratcher-centralizer assembly to the bottom of the hole, pumping the circulation completely around, and pulling it out again.”

The further step of the claims, as for example, Claim 1, requires delivering a quantity of cement slurry to the zone at which the plug is to be performed in the well and while mechanically agitating the mass of cement by the brading method. The employment of this step is described in Exhibit L, wherein it states that the scratcher

stinger should be worked up and down as much as possible

“to puddle the cement back into the walls,”

i.e., the operation of mechanically agitating the cement by the abrading means during the cement placement.

The claims of this plugging patent then require the removal of the pipe and abrading means stating:

“thereafter withdrawing the abrading means from the mass of cementitious material, and then allowing the cement to set.”

That this operation is performed in accordance with the teaching of the Weatherford catalog is clear from Exhibit 11, which states:

“The same scratchers can be used on several plug back jobs.”

It is clear that plaintiffs have copied studiously each of the inventions of Wright after having observed the success of those inventions in practice and as the same were demonstrated by the Union Oil Company and to the trade at large. Except for the inventions made by Wright, there would be no scratching business today. Hall has carefully, strictly and methodically copied and utilized all of these inventions without material change or alteration. Infringement is evident.

D. THE DISTRICT COURT ERRED IN FINDING THE DEFENDANTS WERE IN COURT WITH UNCLEAR HANDS.

The District Court in its Memorandum, Vol. I, page 340, seeks to make applicable the doctrine of “unclean hands” but does not apply this doctrine to any act or evidence of any act performed by B & W. The only way in which it can be asserted that this doctrine is ap-

plied to B & W is by reference to the Court's Memorandum, the third paragraph of page 342, where it is stated:

“and the counter-claims asserted by defendants Wright and B & W, Inc. for unfair competition, will be dismissed for want of equity.”

The Findings of Fact and Conclusions of Law are just as nebulous. Finding XXXV, Conclusion B, Vol. I, page 383:

“Plaintiff, plaintiff-interveners and defendants and counter-claimants come into this Court with unclean hands and did not, during the continuance of this controversy, maintain their hands clean, so that all relief is denied plaintiff, plaintiff-interveners, defendants and counter-claimants upon the merits of their respective claims.”

Any effort made to support this Finding of the court would show that the acts on behalf of B & W in support of such Finding are:

1. Sending of notices without intent to sue.
2. Asserting the Method Patent No. 2,338,372, Exhibit 37, when it does not mention cementing.
3. Forming Scratchers Inc. and purchasing the Black and Stroebel patents and filing suits thereon.
4. Other practice techniques of their own to influence the placing of business by the larger oil producing companies.

We have already shown under Subdivision IV, B, 1(a) and 1(b) of this brief that the asserting of the Method Patent could not by fact or law constitute such unclean hands or unfair competition. We will show under Subdivision D(2) that Scratchers Inc. suits have been dismissed without prejudice and could not be considered as an act of unclean hands or unfair competition. We shall

show under Subdivision D(3) that B & W has not employed "practice techniques." B & W has filed no suits and has at all times sought relief from the District Court to arrest the activities of Hall.

1. The Sending of Notices Without Intent to Sue.

The District Court holding that the sending of notices without the intent to sue is an act of unfair competition, is without support in fact or law. A search of the records will show that B & W notified Shell and Standard Oil Company and Gulf and perhaps others, that it, B & W, held the Letters Patent in suit. The sending of such notices is entirely lawful and indeed is recognized as a preliminary requisite to the right of recovery.

35 U. S. C., Sec. 287.

This court has established the validity and in fact the necessity of such notices. In *Celite Corporation v. Dicalite Co.*, 96 F. 2d 242, this court stated:

"There is nothing wrong in notifying infringers that they are guilty of infringement and are liable therefor. Indeed such notice is required in some fashion before suit for infringement can be maintained."

The District Court did not find either in its Memorandum or Findings, that such notices were not sent in good faith or that such notices were sent without probable cause. The one element specifically set forth by the Court is that the notices were not sent as a preliminary to suit. The law has no such requirement. The theory of the patent statute as set forth in 35 U. S. C., Section 287, is that one manufacturing under a patent should notify the trade of that fact either by marking the device with the patent number or by giving written notice to purchasers of that equipment. If the fallacy of the

District Court decision were followed to its logical conclusion, suits for infringement would of necessity have to follow the giving of the notice in either of its forms as recognized under 35 U. S. C., Section 287.

It is recognized that patent litigation is expensive and is to be avoided wherever possible. In *Oil Conservation Engineering Co. v. Brooks Engineering Co.* (6th Cir., 1931), 52 F. 2d 783, there was an analogous situation where the plaintiff filed suit for unfair competition and the defendant counterclaimed asserting infringement of its patents. At page 785 in discussing the charge of unfair competition, the court stated:

“We cannot agree with the conclusion below that the defendant had been guilty of any conduct properly classified as unfair competition. In a general way the situation was not the uncommon one where the older manufacturers has patents which seemed to cover the competitive article. The patents are presumably valid. Litigation is expensive and to be avoided if possible. Notices to the competitor that he is infringing and perhaps to the manufacturer for the competitor, and to a limited number of his chief customers, are the normal procedure and not to be condemned, when characterized by good faith.”

In this case it is shown that Hall and his attorney Scofield were fully cognizant of their rights and had as early as August, 1946, advised B & W of their intent to bring suit for reformation of the contract, Exhibit 34 and for declaratory judgment. Scofield's Memorandum of the California Club meeting, Exhibit 171.

This action was instituted on December 12, 1947. From then on the litigation certainly served as a test with respect to the validity of the patents in suit and the claims and rights of the parties engaged in the action. Certainly this court would have condemned defendant in bringing

suits against customers of plaintiff while this action was pending and such condemnation would have been well deserved, had the defendant followed its notice by bringing suits. On the contrary, the character of the notices sent by the defendant to the trade and the contracts of the defendants with the trade are illustrated by the testimony of A. M. Houghton, patent counsel for the Gulf, a witness called by plaintiff, who testified:

“Mr. Decker and Mr. Wright both stated they had no present intentions of bringing suit against Gulf for infringement of the Wright patent and definitely stated that they would not claim damages for any of the cementing work done by Gulf in the past. They repeated their remarks that they were interested only in obtaining a fair share of Gulf’s scratcher purchases.” [Vol. II, p. 594.]

This is the evidence and only evidence upon which the court could rely in holding as it did that the notices were sent without intent to sue. There is no other evidence throughout the record upon which the holding of the court or lack of intention to sue could be based. How it can be held to be unfair competition for a holder of a patent to state that he holds the patent, will not bring suit on it, but only wants a fair percentage of a customer’s business, is beyond the comprehension of B & W. Where is any element of bad faith exhibited by such notice and bad faith is an essential to any holding of unfair competition based upon the sending of patent notices as was established by this court in the *Celite Corporation v. Dicalite Co.* case (*supra*). In fact it is a prerequisite of all holdings of unfair competition based upon the dealings of the party with respect to the patents which he holds.

See *Circle S Products Co. v. Powell Products, Inc.*, 174 F. 2d 562 (7th Cir., 1949). Here holding of unfair competition was sustained because it developed that

the party sending the notice of patent infringement had no patents when the notices were sent upon which an action for patent infringement could have been based.

In *Metro-Goldwyn-Mayer Corporation v. Fear*, 104 F. 2d 892 (9th Cir., 1939), this court held that it was unfair competition for the holder of a patent on a machine for processing film to threaten patent litigation against a film exhibitor where he owned no patent on the product which the film distributor was exhibiting.

In *Adriance, Platt & Co. v. National Harrow Co., et al.*, 121 Fed. 827 (2d Cir., 1903), the court stated that sending of notices of infringement to customers is not unfair competition where such notices were sent in good faith and in an honest effort to protect the patentee's rights.

In *Kaplan, et al. v. Helenhart Novelty Corporation, et al.* (2d Cir., 1950), 182 F. 2d 311, it appeared that defendant had sent a notice of infringement in January, 1948, to plaintiff manufacturing company and to three of plaintiff's customers. Later in the year, in September, 1949, a second notice was sent to plaintiff and to a customer of plaintiff's. On October 7, 1949, the plaintiff sought declaratory judgment seeking a holding that the plaintiff's patents were invalid and not infringed and for a holding that the patent holder was guilty of unfair competition based upon the sending of the notices of infringement. The lower court granted an injunction pending litigation against the sending of further notices on the part of the patentee. The Court of Appeals for the Second Circuit reversed the lower court, stating:

"As will be seen, this phase of the appeal turns on whether such a finding was justified on this record, since it is not an actionable wrong for one in good faith to make plain to whomsoever he will that it is his purpose to insist upon what he believes to

be his legal rights, even though he may misconceive what those rights are. *Eastern States Petroleum Co., Inc. v. Asiatic Petroleum Corporation, et al.*, 2 Cir., 103 F. 2d 315. And this has long been recognized in respect to patent rights. *Kelley v. Ypsilanti Dress-Stay Mfg. Co.* (C. C. E. D. Mich., 1890), 44 Fed. 19, 23, 10 L. R. A. 686; *Virtue v. Creamery Package Mfg. Co.*, 8 Cir., 179 F. 115, 120. As was observed when the judgment in the case last mentioned was affirmed by the Supreme Court, 227 U. S. 8, 37-38, 33 S. Ct. 202, 208, 57 L. Ed. 393, 'Patents would be of little value if infringers of them could not be notified of the consequences of infringement * * *.'

"While the privilege to try by notice to persuade acquiescence in one's assertions of his rights may not be exercised in bad faith, some confusion has at times crept into findings of bad faith because the distinction between the lack of an honest belief in the legal rights asserted and the lack of any intention to vindicate them by a timely suit has not been kept clear. Unreasonable lapse of time after notice given is evidence of lack of intention to sue and, to a lesser degree, of lack of an honest belief in the validity of the asserted right. Before the Declaratory Judgment Act, 28 U. S. C. A., §2201, became effective and was construed to permit suit for declaration of invalidity or non-infringement, unreasonable delay in bringing suit after notice was alone sufficient to end the privilege. It really made no practical difference, as long as the giver of the notice could alone decide whether and when suit would be brought, whether he honestly believed in his rights but was unwilling to sue for some other reason or whether he was unwilling to sue because he was too doubtful of them to risk litigation. Consequently, unreasonable lapse of time without suit after notice

would lay the basis for an injunction against further notices. *Adriance, Platt & Co. v. National Harrow Co.*, 2 Cir., 121 F. 827.

"We have no hesitation in reaching the conclusion that this record contains no substantial evidence to show that the defendants did not and do not reasonably believe that their patent is valid and has been infringed as they have asserted. The patent is presumptively valid; the Patent Office file wrapper and contents of the patent show, defendants' counsel avers, that all of the claims of the patent were allowed, as filed, without the citation of any prior art; and the allegations of infringement do not appear to be frivolous. Thus, the only evidence of bad faith is the defendants' failure to sue promptly. But the plaintiffs have continuously had a plain and complete remedy for any wrong done them, in that they could have brought this suit whenever they pleased after the first notice was given, instead of waiting as they did, since an actual controversy between the parties existed at least during all that time. Any delay in putting the defendants' asserted rights to the test of actual litigation was, therefore, only what the plaintiffs chose to permit, and, as the suit is as timely as they chose to make it, their motion for a temporary injunction stands no differently than it would have if the defendants had sued promptly after notice given."

See *United States Galvanizing & Plating Equipment Corporation v. Hanson-Van Winkle-Munning Co.* (4th Cir., 1939), 104 F. 2d 856; *Sharnay Hosiery Mills, Inc. v. Sanson Hosiery Mills, Inc., et al.* (D. C. E. D. Pa., 1951), 109 Fed. Supp. 956; *Bechik Products, Inc. v. Flexible Products, Inc.* (2d Cir., 1955), 225 F. 2d 603, and *Stadium Mfg. Co., Inc. v. Plymouth Pajama Corporation* (D. C., D. Mass., 1937), 24 Fed. Supp. 779.

2. Forming Scratchers Inc., and Purchasing the Black and Stroebel Patent and Filing Suit Thereon.

The District Court found that defendant:

“In addition to opposing Hall at every permissible stage and by every permissible proceeding in the United States Patent Office, they caused to be organized ‘Scratchers, Inc.,’ a Nevada corporation, and caused it to acquire legal title to the Black Patent No. 2,151,416 and to file three suits in Texas and Oklahoma against one of plaintiff-intervenors or one of their customers alleging infringement of the Black patent.” [Vol. I, p. 339.]

The suit filed on the Black and Stroebel patent by Scratchers Inc. was dismissed on stipulation and without prejudice and without determination of the merits. [Exs. 143 through 145.] They have not been refiled. There was no publicity given to the filing of such suits by Scratchers Inc. The Black patent referred to by the court is the Black and Stroebel patent which was the principal reference relied upon by the Patent Office against the applications for the Wright Patents, Exhibits 37 and 38. It was the “best reference” relied upon in this action. The Black and Stroebel patent was acquired by Scratchers Inc., which was a corporation formed as testified to by Mr. Wright by:

“Myself, Mr. Barkis and I believe one of his sons residing in Texas, somewhere near Liberty, Texas; another gentleman in Houston, Texas, that I for the moment can’t remember but I will ask him and obtain it; Mr. Barrick of Pasadena, California, and Mr. Donald R. Wright, my brother, attorney in Pasadena.” [Vol. VI, p. 2865.]

This corporation purchased this "best reference." In the actions filed by Scratchers Inc., as will be shown by the files of such actions which are here in evidence, a counterclaim was filed by Hall as a third party defendant. These actions therefore could not have been dismissed on a motion of Scratchers Inc. Hall could have successfully resisted any attempt to avoid the determination of the merits of these actions. The actions were as previously stated, dismissed by stipulation and without prejudice and without costs to either party. What element of bad faith is involved in the filing of this action is not determinable from the court's Memorandum or the Findings of Fact and Conclusions of Law. There was no such bad faith. To sustain the District Court holding in this regard, if it could possibly be sustained, would be to require B & W to refile this action and prove the merit of the actions thus instituted. Before the District Court, the action of dismissing these actions was explained to the court. The simple reason was that B & W in the suits which had been instituted, found it so involved in litigation that it was impossible to properly maintain the prosecution of any action. Mr. Wright so testified, Vol. VI, pages 2866, 2867. There is no reported decision of which B & W is aware or can find, which holds that the bringing of an action of any character and which action is subsequently dismissed, and by stipulation, constitutes unfair competition.

3. Employment of Practice Techniques to Influence the Placing of Business by Large Oil Companies.

The District Court in its Memorandum held:

"Much of this litigation was commenced to serve as a basis for sales propaganda to the trade in the state or county where filed. Each side employed practice techniques of their own to influence the placing of business by the larger oil producing companies.

Such techniques involved everything from a veiled threat to adroit suggestion in an effort to cause the oil companies to feel more secure patent-infringement wise if they would direct their business to one side or the other.” [Vol. I, p. 339, Memorandum of the District Court.]

The only litigation, the starting of which could in any way be related to B & W, were the Scratcher Inc. suits above referred to. As above pointed out, there is no evidence that there was any publicity given to this suit or these suits by B & W. There is no evidence that the Scratcher Inc. suits serve as a basis for sales propaganda. As above pointed out, those suits were filed by Scratchers Inc., who purchased the Black and Stroebe patent, the best reference against the Wright patents, on advice of counsel and in the belief that they had a good cause of action. There having been no determination of the merits of such cause of action, it having been dismissed without prejudice and by stipulation, there is certainly no unfair competition or unclean hands involved in the Scratchers Inc., action.

What constituted the practice techniques employed by B & W to influence the placing of business with B & W by the large oil companies is not discernible in either the court's Memorandum or from the Findings of Fact or Conclusions of Law. There is no indication that any such techniques were employed unlawfully or in bad faith or that they constituted more than lawful competition. It will be obvious to this court that any two competitors employ practice techniques saleswise in order to obtain the business from their customers. Such techniques clearly are not unlawful and do not constitute either unclean hands or unfair competition. There certainly can be no charge of unclean hands or unfair competition in the holder of a patent indicating to a customer that it, in this case, B & W, was the only company which held

patents directed to the scratchers or the method of well completion involved in this case.

The patents are presumably valid and infringement is clearly demonstrated in this brief. In fact it is admitted. No act was performed by B & W which could be classified as an unlawful technique or a technique practiced in bad faith and which was not fully grounded and based upon the fact that B & W held the Letters Patent in suit which could be pointed to as constituting either unclean hands or unfair competition. Such a finding is too nebulous to be sustained and is clearly not based upon or supportable by any evidence found in the voluminous record before this court.

E. THE DISTRICT COURT ERRED IN DENYING DEFENDANT RELIEF ON ITS COUNTERCLAIM ON THE THEORY THAT DEFENDANT HAD RESORTED TO SELF-HELP.

The District Court, in its Memorandum, Vol. I, page 340, held:

“While pretending to look to this court of equity for justice each side set about through myriad methods of self-help to make their own justice.”

This holding is set forth in Findings of Fact XXV, A, Vol. I, page 381, and is likewise set forth in Conclusion of Law, C, Vol. I, pages 383, 384. There is no instance in this action where B & W, following the commencement of this action on December 12, 1947, took any steps which could be properly classified as “self-help.” During the pendency of this action, B & W kept the Gulf continuously advised of defendant’s activities in this case and in the proceedings pending before the United States Patent Office. This information had been requested by Gulf Company and was supplied to that company by both Hall and B & W. A. M. Houghton, Chief of the

Gulf Patent Department, so testified. [Vol. II, page 573.] The only other instance which the court might have had reference to in this record is the defendant's marking of its invoices after this suit was filed, with the \$.60 royalty notice. This \$.60 royalty notice was placed by B & W, Inc. on its invoices on advice of counsel, and within the ruling of this court in the *Petrolite* case (*supra*).

B & W at that time was charged with the violation of the anti-trust laws because of its failure to so mark its invoices. There is no other act which can be shown that was instituted by B & W and which could be classified as self-help. It is obvious that the District Court erred in including B & W in this phase of its Memorandum and B & W is at a loss to answer a Finding, Conclusion or the Memorandum of the Court, which is of such a nebulous character as is the Memorandum, the Finding prepared in accordance therewith or the Conclusion of Law based upon the Finding, which does not point out in any way, any act of self-help resorted to by B & W. B & W at all times in this action has looked to the court for its relief.

On the contrary, in this action, Hall and his companies have continuously paraded a series of acts before the trade in an effort to keep B & W from getting even "its fair share" of the business at any place in the world. It has instituted two actions in Canada against B & W. It has instituted two actions in Venezuela against B & W and its distributors. It has filed an action in Houston, Civil Action 5168, dismissed March 30, 1951, without prejudice and after dismissal has refiled the same action or substantially the same action, in Houston, Civil Action No. 6797. Finding XXII. Hall has also filed an action in Mexico which is now pending on appeal to the Supreme Court in Mexico, with respect to the Hall Mexican Patent No. 47661, Finding of Fact XXI, Vol. I, page 380, and in addition thereto has filed during the pendency

on the customers to tell them that was the method—that was the principal reason.” [Vol. VII, p. 3193.]

This is the self-help to which the Court’s Memorandum is applicable. Further on interrogation of Hall, Jesse Ed Hall testified:

“The Court: Just a moment. I would like, as long as we are on this subject, to ask, how did you happen to choose \$2.50? Was that because it was somewhere near four times 60 cents?

Witness: No, sir. Knowing that the cost of selling this material and running it, which runs about 55 per cent, and the cost of manufacturing, I had taken the profit, a portion of the royalty that they would have and a portion of the profit.

“Court: So that the 65 cents that B & W was stamping on the invoice was too low?

Witness: No, they were sending out, collecting their profit in the \$6. They were only just setting a 50 cent rate and telling the customer they are not charging them any more. What they really were doing, they were saying, we are merely informing you that we have got this patent and this is the steps of it. It was all over. I don’t believe there is an oil field that is drilling that you don’t see those boxes with that all over it. And I haven’t found a filing cabinet of any purchasing agent all over the country but what they have the same thing in it. And it was something that we just had to overcome because within three months we lost four of our district salesmen who went to them. They couldn’t combat the idea of having the patent number on the thing, that it covers all the steps that we were using.

“Court: You felt you had to use some of the same methods?

Witness: Something or other to call attention to them, to cause them to stop.

Court: On the old theory of the way to fight fire is with fire." [Vol. VII, pp. 3193, 3194.]

B & W had no purpose in stamping its invoices with the \$.60 royalty notices other than to comply with the ruling of this court in the *Petrolite* case. The stamping of the invoice with the notice caused B & W difficulty with its customers. In fact as soon as the stamping became evident to the Gulf, they instructed that no more scratchers would be purchased from B & W on invoices bearing such a stamp. This fact was communicated by A. M. Houghton of the Patent Department of the Gulf to counsel for B & W. It was necessary for counsel for B & W to make a trip to Washington, D. C., to straighten the matter out with Gulf, and it was only after counsel for B & W wrote Gulf a letter, that it did not consider that Gulf's purchasing the scratchers of the invoices so marked constituted a recognition by Gulf of the patents, that Gulf would resume the purchasing of scratchers from B & W. Such notices were detrimental to B & W's business so that when Hall objected to the sending of such notices, before the District Court, B & W acceded to the demand of Hall that B & W be enjoined from further stamping its invoices. It is submitted in this regard that the evidence clearly supports the court's decision that plaintiffs Hall were guilty of unfair trade practices and came into court with unclean hands and have resorted to self-help throughout the period of time when this action was pending before the District Court. On the contrary, it is submitted that there is no evidence before this court of any act performed by B & W or Wright or performed upon their behalf which constituted either unfair trade practice, unclean hands or self-help.

F. THE DISTRICT COURT ERRED IN FAILING TO APPLY THE DOCTRINE OF THE SUPREME COURT IN THE PRECISION INSTRUMENT COMPANY CASE NO. 324 U. S. 806.

The Supreme Court of the United States in the *Precision Instrument Company v. Automotive Company*, 324 U. S. 806, at 818 stated:

“Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings, have an uncompromising duty to report to it all facts concerning possible fraud or inequitable-ness underlying the applications in issue.”

Hall before the Patent Office, not only totally disregarded the Supreme Court's admonition, but:

1. Argued to the Board of Appeals of the Patent Office in order to convince that Board of the patentability of the Weatherford Scratcher, that the Wright Scratcher of the Jones and Berdine test was not a rotatable scratcher. This, Hall and his attorney, who made the argument, knew to be false as established from the letter written by John Hall to Thomas Scofield on June 2, 1945, Exhibit 194, 195, 196. That the patent office relied upon this misrepresentation is shown by the decision of the Board of Appeals. [File wrapper, Ex. 69, pp. 131, 132.] The Board of Appeals held that they allowed the claims in the Hall patent only because they could not be certain from the evidence before it that the Wright scratcher of Exhibit X was in fact rotatable.
2. Hall and Scofield, in order to induce the Patent Office to expedite the grant of the Hall application, filed affidavits with the Patent Office together with a Petition to make the applications special, which both Scofield and Hall knew to be false when they

filed the applications. The Petition to make special is Exhibit EEE. The affidavits are included with the file wrapper of the application, Serial No. 255619, Exhibit 69. In these affidavits Hall and Scofield swore that they had found upon the market a scratcher which was an infringement in accordance with Rule 1102 of the Rules of Practice of the U. S. Patent Office, 35 USC, Appendix I, page 641, U. S. Patent Office Rules of Practice. The Patent Office acted upon this false affidavit and made the Hall application special.

Before the District Court it was shown that Jesse E. Hall, Sr., had total disregard for any oath. Exhibit BN is a Certificate of doing business under the fictitious name of the Houston Pipe Appliance Company. Jesse E. Hall, Sr., appeared before the County Clerk, signed this certificate with the name Elmer D. Hall, and swore to the Clerk that he, Jesse E. Hall, Sr., was Elmer D. Hall, his son. His only excuse for this was that his son was in Bakersfield. Certainly, the District Court should have applied the rule of *falsus in uno, falsus in omnibus*.

G. THE COURT ERRED IN FAILING TO FIND THAT THE HALL PATENT 2,671,515 WAS INVALID AS GRANTED UPON AN APPLICATION FILED TOO LATE.

The Hall patent Exhibit 286 is invalid because the application Serial No. 55,619 was not filed within one year of the sale and publication of the scratchers illustrated therein by the patentee Hall.

The Supreme Court in *Muncie Gear Co. v. Outboard Co.*, 315 U. S. 759 at 767 held the patent invalid because the application did not claim the invention of the patent as issued within the statutory period.

Here Hall at no time prior to the filing of the Hall application Serial No. 55,619, claimed invention in "side-wise" inclination of the scratcher wires.

He had claimed "substantially tangential wires" which claims were finally rejected in his 627,013 case. It is clear that Hall's patent is invalid. The patent is not valid as granted upon a continuation-in-part application.

In *Veaux v. Southern Oregon Sales, Inc.*, 45 U. S. P. Q. 610, District Judge Fee stated the law:

"Veaux is forced by the circumstances to rely upon the first application to establish continuity in order to avoid the defense of public use more than two years prior to the filing of the second. If the claims were substantially identical in disclosure, the rejection should be held complete since no appeal was taken. If these were not substantially identical, continuity of prosecution would not be established."

A comparison of the three claims of the Hall patent with the claims of the 627,013 application or the claims of the 388,891 application shows clearly that the patent is invalid within the Rule as stated. Neither of the prior applications claimed invention in sidewise inclination. The reason was obvious, Hall knew when he filed the 388,891 case and when he filed the 627,013 case, that Wright was the inventor of the sidewise inclination scratcher. Hall saw that at the Union Oil Co. Jones Demonstration. This fact Hall wrote in 1942 in his letter to English, Exhibit 152 where he stated:

"They finally succeeded in bending the wickers over sideways." [Vol. VIII, p. 3521.]

Hall deliberately and fraudulently induced the Patent Office to issue the Patent Exhibit 286 for the sidewise bristles, and carefully withheld from the P. O. the fact that he saw the B & W sidewise bristle scratchers at the Jones, Union Oil demonstration.

These scratchers the Patent Office held:

“The structure of Fig. 26 of the Jones and Berdine report is accordingly held to be sufficiently similar to that for which a patent is sought by the party Hall so as to constitute an equivalency thereof for public use purposes.” [Patent Office Decision, December 2, 1953, p. 12, Ex. 216, Vol. VIII, p. 3554.]

Hall knew he could not be the inventor of the structure of Figure 26 of the Jones and Berdine test, Exhibit X, 35 U. S. C., Section 102(a) and if Hall told the Patent Office that the structure of Figure 26 of the Jones and Berdine report was an equivalent of what he sought to be patented, instead of arguing that the structure was not rotatably mounted on the pipe, the Patent Office could never have allowed the Hall Patent, Exhibit 286 to issue.

If the Claims addressed to the sidewise inclination are different from the claims finally rejected in the 627013 application, so as to avoid the doctrine of *res adjudicata* arising from the dismissal of the appeal to the Board of Custom and Court of Appeals and the appeal to the Board of Appeals of rejection of the application 627013, then it becomes obvious that claims of the character of the three claims of the Hall patent were never submitted to the patent office within the statutory period of one year from the date of public use as required in the doctrine of the *Muncie Gear Co.* case, *supra*.

Conclusion.

It is submitted that:

1. The Wright Patents are each valid and that the court's finding of invalidity in view of the prior art cannot be supported on this record.
2. That the District Court erred in failing to find infringement of these Wright Patents by Hall.

3. That B & W has performed no act of unfair competition and as only sought to its "fair share of the business."
4. That the District Court erred in finding that B & W was before the Court with unclean hands, and the record contains no evidence to support such finding.
5. That the District Court erred in applying the doctrine of self-help to B & W and the record contains no evidence to support such finding.
6. That the District Court erred in failing to apply the doctrine of the *Precision Instrument Co.* case to the fraud practiced by Hall in the Patent Office.
7. That the District Court erred in failing to find that the Hall Patent 2,671,515 was invalid as filed too late within the doctrine of the *Muncie Gear* case.

Respectfully submitted,

LYON & LYON,

LEWIS E. LYON,

R. DOUGLAS LYON,

*Attorneys for Kenneth A. Wright and
B & W, Inc.*